

A USEFUL LOOK AHEAD FROM WASHINGTON

SEPTEMBER 1975

Nation's Business

An aerial photograph of the United States Capitol building complex in Washington, D.C. The image shows the iconic white domes of the Senate and House chambers, surrounded by various wings of the building and surrounding urban landscape. The Capitol is the central focus, with its neoclassical architecture clearly visible. The surrounding area includes other government buildings, parking lots, and green spaces.

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Nation's Business

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EDITOR'S MEMO

Business Issues in Congress

THE VACATION on Capitol Hill is
over. The congressional recess began
on Aug. 1 and concluded on Sept. 3.

As Congress gets down to work
for the next four months, it is con-
fronted by a heavy load of issues that
could have great impact on business.
For a summary of those issues, see
our article starting on page 20—
"What to Expect From Congress
Now." The article will help you fol-
low subjects that may dominate
much of the news between now and
Christmas.

• • •

If you want to know what issues
affecting business will be discussed
each day in Congress, you can tele-
phone a number in Washington and
get a three-minute summary.

The phone number is: (202) 872-
1313.

This is a service called Washing-
ton Dial, set up by the Chamber of
Commerce of the United States for
its members.

For western states, a special num-
ber has been set up at the National
Chamber's office in San Jose, Calif.
That number is: (408) 288-9361.

• • •

Just as congressional activities are
important to your business opera-
tions, so are consumer attitudes.
What consumers think—how they
feel about such matters as inflation,
energy supplies, and government eco-
nomic actions—has a tremendous ef-
fect on business trends.

A man who may know as much
about consumer psychology as any-
one does is Dr. George Katona of the
University of Michigan's Institute
for Social Research. Dr. Katona
helped found the institute and for

many years supervised its consumer
attitude surveys.

We visited him to find out as much
as we could about what he has
learned in his studies.

The results are in the interview
that begins on page 34. We think
you will find the article interesting.

Also, you may want to keep an
eye out for future news of the insti-
tute's consumer attitude surveys,
which now are supervised by Jay
Schmiedeskamp.



Rep. Mike McCormack

Many people indulge in wishful
thinking about our energy problems.
Rep. Mike McCormack says it is
dangerous to base policy on wishes.

The congressman, a former nu-
clear scientist, has written an article
for us that aims at putting the en-
ergy situation in the proper perspec-
tive. It's titled "What's Ahead for
Energy: Putting Down the Scare
Stories and Facing Reality."

Where energy is concerned, Rep.
McCormack says, "each nation has
its own date with reality." Even the
Middle East, he notes, will someday
run out of oil. The article starts on
page 24.



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And, they'll copy both single sheets and three dimensional objects with equal ease.

There are several Saxon plain-paper copiers to choose from. But if you'd rather choose from our line of desk-top, coated paper copiers, you can do that, too. They're the perfect answer for people who need a low to medium volume copier.

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Saxon coated paper copiers use simple-to-change rolls of paper. And each copy is automatically cut to length. They can copy originals from 3" to 11" wide. And in some cases they'll make copies up to 550 feet long.

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EXECUTIVE TRENDS

BY JOHN COSTELLO
Associate Editor

The Cost of Hiring a Consultant

Per diem rates for the top men in a consulting firm have risen 14 percent since 1973. The top men include partners or principals.

So says a new, 22-page survey of the Association of Consulting Management Engineers, Inc., "Professional Consulting Fee Arrangements" (\$10).

Other median rates have risen more, the survey shows. For example:

Senior consultants, up 15 percent; associates, up 18; junior consultants, up 21.

Here's what the 69 firms covered by the survey say they charge clients per day:

	Minimum	Maximum	Median
Partner	\$300	\$800	\$500
Principal	\$250	\$600	\$400
Senior consultant	\$220	\$500	\$310
Associate	\$200	\$400	\$250
Junior consultant	\$100	\$325	\$200

Usually, that is for an eight-hour day. However, the day may be as short as seven hours or as long as ten, consultants report.

Fees tend to increase with the size of the firm. Hiring a partner in a consulting firm with a large staff comes to \$550 (median) a day. That is \$150 a day more than the median fee for hiring a partner in a firm with a staff of 12 or less.

Most firms regularly bill clients by the day, although all bill more than one way.

For that reason, the table below adds up to more than 69.

Here are the methods most commonly used:

	No. of firms
By the day	51
Flat fee	37
Per hour	26
Monthly retainer	20
Cost plus usual profit	16

Other expenses, such as typing reports or printing, are usually extra.

But not travel. In most cases, travel is part of the fee.

We're Not as Rich as We Used to Be

The American is no longer the world's No. 1 producer of wealth.

Per capita, the Kuwaitis, Swiss, Swedes, and Danes have a higher gross national product than we do.

At the end of World War II, the United States led the world by a wide margin. Its per capita GNP was more than 50 percent higher than that of the runner-up, Sweden. The Swedes were followed by Switzerland, Canada, and the United Kingdom.

Last year, the ten nations with the highest per capita GNP were:

Kuwait	\$11,000
Switzerland	\$ 7,270
Sweden	\$ 6,840
Denmark	\$ 6,800
U.S.	\$ 6,595
Canada	\$ 6,340
West Germany	\$ 6,215
Iceland	\$ 5,955
Norway	\$ 5,820
France	\$ 5,390

The United Kingdom, with the fifth highest GNP at the end of World War II, now is No. 20, behind Israel. Its per capita GNP last year was \$3,385.

Japan, highest in the Far East, ranks No. 17. Its per capita GNP is \$4,115.

What toppled us from the throne? David L. Babson & Co., Inc., Boston investment counseling firm, points to the answer.

"In 1950," Babson & Co. says, "the U.S. accounted for two fifths of the world's economic activity. This was about twice the share held by Western Europe and Japan combined and 50 percent greater than that of the entire communist bloc."

"But during the next quarter century, the big U.S. economy grew at

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Executive Trends *continued*

only two thirds the pace of our industrial allies and about four fifths as rapidly as the Soviet-Chinese sphere."

They ran faster.

Why You Should Look at Your Portfolio

The New York Stock Exchange has listed 56 reasons for reviewing your investment portfolio.

"With economic and political conditions changing as fast as has been the case in recent months, it is quite possible that a review is in order right now," the stock exchange says.

But the economic and political climate isn't the only factor, its magazine, Exchange, points out.

"At different stages of your life cycle," the publication says, "the kind of risks you are able to take and the resulting rewards you seek can vary widely."

Here are some of the personal circumstances that can affect where you want to put your money:

- Getting married.
- Having a baby.
- Receiving an inheritance.
- Accepting a new job.
- Setting up a retirement plan.
- Moving into a higher tax bracket.
- Children entering college.
- Taking a big uninsured loss.
- Changing your insurance setup.
- Making a substantial business investment.

At one time, investors were told to put their money in sound stocks, then leave them alone to grow. Now, experts advise you to take a look occasionally to see if those investments are still green and growing or turning brown.

There's No Slump in Telephoning

When it comes to using the phone, Americans are world champions.

This year, they'll make some 200 billion calls.

That's an increase—estimated—of 5.9 percent over a year earlier. The latest year for which there's a count is 1973. The total then: 188 billion.

Runners-up are the Japanese. They made 45 billion calls in 1973. The

French, a distant third, placed 23 billion.

In fact, telephones are a real growth industry.

At the start of last year, there were 336 million in 171 countries. Here's where most are found:

Country	Number installed (In thousands)
U.S.	138,286
Japan	38,697
U.K.	19,095
West Germany	17,802
U.S.S.R.	14,260
Italy	12,611
Canada	11,668
France	11,337
Spain	6,331
Sweden	4,584

Of all the cities in the world, Washington, D.C., has the greatest number of phones per capita—130.3 for every 100 Washingtonians. Abroad, the title goes to Stockholm—104.8 phones for every 100 people there.

Now Is a Good Time to Hire Staff

When times are tough, you may find some excellent executives looking for jobs.

"Even though the worst of the recession may be past, now is still a good time to hire," says Robert O. Snelling, president of the big employment service firm, Snelling and Snelling, Inc. "There's more talent available. And often, the price is right." For that reason, review carefully any résumés you receive from job-seekers, he urges. Here is how to do that, he says:

• Don't turn the job over to secretaries. Let executives look at résumés from people in their own field.

• Zero in on the man's objectives, experience, and track record. Initially, you can skip other biographical details.

• Circle key words pertinent to job performance. Like "Cut costs 26 percent," or "Hiked market share 12 percent."

• Finally, let personnel screen résumés that look best.

"Maybe you don't have a job opening," Mr. Snelling says, "but companies can never afford to overlook an outstanding executive."



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Environmental Rules' Huge Cost to the Steel Industry

Capital needs of the steel industry could approach \$30 billion over the next nine years, according to the American Iron and Steel Institute.

That total includes \$15 billion to expand capacity to meet anticipated increases in demand plus up to \$14 billion to comply with stiff environmental rules.

The estimate of environmental costs is based on a study by Arthur D. Little, Inc., the international engineering and consulting firm.

Its investigation covered 130 plants which have about 94 percent of the nation's steelmaking capacity. Air and water pollution control costs were analyzed on plant-by-plant and product-by-product bases for the entire industry.

Inland Steel Co. Chairman Frederick G. Jaicks, who also is chairman of the Iron and Steel Institute, urges a thoughtful reappraisal of environmental requirements.

He notes that the industry would have to increase energy consumption 11 percent to meet standards set for 1983.

And he points out that the \$14 billion compliance-cost estimate does not include the expense of any additional antipollution requirements that federal officials might impose.

The impact of existing requirements is expected to be extremely harsh on some plants, including smaller specialty operations. The A.D. Little report estimates that such plants' capital needs for pollution control could range to 128 percent of individual replacement value and more than 1,400 percent of depreciated replacement value. •

A Test of Wind Power

Companies envisioning a potential \$20 billion market for wind energy systems in the 1980's are going to be

watching with interest the start-up this month of a 162-foot-high wind-powered generator.

Located at the National Aeronautics and Space Administration's Plum Brook Station, near Sandusky, Ohio, the giant machine has a 125-foot, winglike blade that will run a 100-kilowatt generating system.

It is part of a \$1 million program of the Energy Research and Development Administration. Other parts of the program are aimed at determining wind potential in various sections of the country and at figuring out wind turbines' assets and handicaps in different applications and wind patterns.

Lockheed-California Co. and General Electric are doing the work under government contracts. •

Interference-Free TV's and Radios

Manufacturers of television, radio, and stereophonic sound systems will face government-mandated cost increases if legislation introduced by Rep. Charles A. Vanik (D.-Ohio) becomes law.

He would empower the Federal Communications Commission to regulate manufacturing of receivers, as it now regulates that of transmitters. Transmitters must have components which ensure that the sets don't give off signals that interfere with TV and other reception.

Last year, FCC received more than 42,000 complaints of interference. Investigations showed that 90 percent of the complaints erroneously laid the blame on amateur radio and other transmitting stations, the agency says.

Actually, FCC says, the problem was in the receiver, whether it be television, radio, or stereo.

The situation is growing more serious. *continued on page 76B*

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Philip W. Noel

Philip W. Noel
Governor, State of Rhode Island

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The Beauty of America

Summer is a teenaged girl swinging slowly in a hammock. The season lies lazy on the land. By general acclamation, August has become the ebb-tide month, when time slips away and twilight comes a little earlier every evening. This is the seventh-inning stretch, and we have to have it.

Official Washington closes up shop in August. On Capitol Hill, the House and Senate go into recess; the members scatter to the four winds, leaving their chambers vacuum-clean. In the galleries, the tourists come and go, gazing blankly at the emptiness below. Where does Sen. Kennedy sit? There. Sen. Goldwater? On the Republican side, over there. And Sen. Ronald Reagan? A ripple of laughter. Mr. Reagan, ma'am, may be a candidate for President, but he's not a senator.

Across the street, the Supreme Court stands empty also. The tourists, bagging their cameras, trudge along the appointed corridors, gazing gravely at the portraits of justices who served on our highest court. The portraits gaze as gravely back—except for John Marshall, whose solemn eye conceals a twinkle. If one were asked to name the most influential figure in American history—the one person who did most to shape our country—some would name Lincoln, who saved the national union. A better answer would be Marshall, who made it. Outside the court, a black family poses by the pool, and the father backs up so that he can get that familiar inscription in his frame: Equal Justice Under Law. We've come a long way since Justice Taney wrote the Dred Scott decision, a passing newsman reflects, and we have yet a way to go.

Relieved of the congressional presence, Presidents also have a way of vanishing in August. Ambassadors

find it a convenient time to go home. The bureaucracy grinds on, of course, and normal commerce continues, but the pulse slows. By the banks of the placid Potomac, a fisherman casts an indifferent line. "Catching anything?" a passerby asks. "No," says the angler, "thank God." Perhaps he finds it too hot to clean fish; perhaps it is the August amnesty: Live and let live. The Potomac is a fine place to pass a sedentary hour.

So it is with other rivers, other places. August is sand and surf and afternoon castles; carnivals and corn and cotton candy; bullfrogs and baseball. In Iowa, the dark earth swells. The great plains move as rhythmically as any sea. The pregnant land gives forth. Not long ago, a newsman flew into Chicago, late of a summer afternoon. Let me name him, he will not mind: Hugh Sidey of Time magazine. Like most of us who fly a hundred thousand miles a year, Mr. Sidey seldom glances at the earth below. This time he looked, as good newsmen look, with loving concentration on the land. Veteran correspondents are not easily moved. This time, he says, "I wept."

What moved Mr. Sidey, as it should move other perceptive observers, is the sheer beauty of America in the August of our life. This is a mature beauty, deeper than the blemishes that sometimes bother us so.

Yes, there are wrinkles of worry: unemployment, inflation, pockmarks of poverty. There are crow's feet of pain: crime, discrimination, unequal justice under law. Any critic can remark the graying hair. But there are lines of laughter also, and a glow of good health; there is nothing flabby here. From the air one sees the small towns, church-steepled, and players on the baseball fields. One flies into Los Angeles by night; no rajah in

his wildest dreams imagined gems like these. Part of the land is chess-board land, the quarter-section roads T-squared; part of the land is crazy quilt, all summer browns and greens, hemmed in fence rows, ribboned by highways; part is hard gray leather, boned and ridged as if great dinosaurs had died here. And it is all America.

August is the time to think upon these things. In our own small corner of the nation, on the eastern slopes of the Blue Ridge Mountains, we see them microcosmically. Much of my own life unavoidably is caught in the whirl of Washington. It is where the action is. This is the whirl of politics, legislation, law, high policy; the routine covers interviews, hearings, press conferences, embassy briefings—the raw stuff of newspapering and TV. It is a happy life. I love it and do not knock it. These things matter.

But the things that truly matter are at home in the hills. Our county, Rappahannock County, is among the smallest and poorest counties in Virginia. The 1970 census found only 5,199 inhabitants, comfortably down from the decade before. With good reason, the county is known to locals as Rockyhannock County. The raw, red earth has the chewy consistency of wet bricks. Our post office is Woodville, named for a forgotten parson, but my dateline is Scrabble, a loose, unbounded nineteenth century community where white man, bound slave, and free Negro once scrabbled side by side in the same shale for a living. Mostly this is cattle country—black Angus and Charolais—but it is also horse country, peach and apple country, and, in the old days, moonshine country. Mosby's Raiders hid in these hills.

I wrote, not long ago, of a summer morning when my wife and I drove

The Beauty of America *continued*

down to the courthouse for a public hearing. Let me return to the theme. We drove by way of a winding, gravel road (the commuter who is cabin'd, cribb'd, and confin'd should know that many such roads survive), scarcely remarking the rabbits, quail, and chipmunks bustling in the ditch banks. We have a wildflower here called chicory—it grows widely in the East—but I have privately named it for a blue-eyed granddaughter. Heather's eyes were all around us.

We turned on a road known locally as the Shade Road, and winced anew at the devastation wrought by progress. Last winter, without warning, notice, or reason, hard-hatted crews from the highway department suddenly appeared. Their yellow trucks disgorged platoons of obedient, blank-faced troops ("just doin' our job, ma'am") who revved up their smoking power saws and fell to work. Last fall, after the leaves had turned, one drove by the Shade Road as through a gothic cathedral, cool shadow and stained glass, the great trees arching overhead. The road crew left it in ruins. They felled a hundred trees, some of them three feet thick at the stump. It was a savage assault; the shattered limbs littered the grounds like broken bones. This was an "improvement project," a "widening and straightening to meet foreseeable traffic demands." What it was, was vandalism.

This summer morning, we noticed a curious thing. The irrepressible, impudent trees refused to die. Out of the mutilated trunks, new limbs were growing. The honeysuckle had moved in, softening the stumps with scented green. There was a metaphor here. Hearts broken do not die; wounds honeysuckle over; life goes on. In the end, the improving vandals will doubtless win, but angry residents have been made freshly aware of the arrogance of public servants.

The public hearing was held in the old brick courthouse at Washington (pop. 169), our county seat. Any person raised in small-town America can see it in his mind's eye and draw

it from memory—great trees, meant to be climbed by small boys; green benches for sitting; a monument (Union or Confederate); a drinking fountain; a flagpole. Just inside the courthouse doors is the bulletin board where dead notices, like dead leaves, flutter their dry tales of marriages broken and lives ended. Up a flight of worn stairs is the courtroom itself, big-windowed, white-painted, with a dozen wicker-bottomed chairs for the jurors. Where is the meaning of law best embodied? In the marbled chamber of the U.S. Supreme Court? Or in this comfortable old courtroom where justice has quick and immediate meaning?

We were gathered on an issue of property rights. An exception was asked to the zoning ordinance, by which the heirs could subdivide the decedent's estate into lots as small as two acres. In our unsewered county, such lots are forbidden. Fifty neighbors were on hand to protest this breach of community values. The talk went on and on. What were the rights of the owners? What were the rights of the neighbors? What are the limits on power? These were ancient issues, older than the oaks on the courthouse lawn, as old, indeed, as the roots of Runnymede. In shirt-sleeves, overalls, and summer frocks, we grappled with questions that occupied Mason, Madison, and Jefferson. Over much of the world, such values have no meaning. In America, one reflects, they mean everything.

We drove home to a scene of comic violence. Our two collies, old Lorenzo and young Piper, ordinarily exercise their less civilized instincts on woodchucks and rabbits. This time they had encountered two infant skunks and had emerged from the fray at once triumphant and aromatic. The skunks were dead, but not forgotten. Dog nature, skunk nature. Was the unequal combat a matter of right conduct? Who am I, plastic bag and shovel in hand, to argue ethics with a pair of smelly collies?

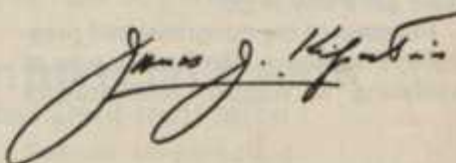
This was a garden day. In May, my green-thumbed wife had planted tomatoes, cucumbers, green beans, butter beans, eggplant, two kinds of

squash, lettuce that came up in ruffled rows. Now, in summer, the garden yields. It is not so impressive as the wheat of Kansas or the cotton fields of Dixie, but the heavy baskets, red and green and gold, are fit for a jeweler's eye. We live by symbols, by rituals, and these are my wife's: the obelisk pickle, the triptych chutney, jars upon jars, jade and topaz. It is the reverence of August, lovingly observed at a kitchen altar; and it is part of America.

These are among the perceptions that moved my brother Sidey to tears—the perceptions of everyday America, the beauty, the bigness, the diversity of our land. In our business, the news business, we are necessarily absorbed (though not wholly absorbed) with the evil that men do; we are absorbed with the abuses of power and the limitations of law, with the great events that shape the lives of whole masses of men. We deal in small matters grown large.

Yet, all of us dwell, in city or suburb or town or country, in our own Rappahannock Counties. It is not necessary to look to Congress, or to the high court, or to the White House, or to the chanceries of Massachusetts Avenue for wisdom and experience. We can find power in a tree stump, law in a country courthouse, violence by a toolshed. If we look only to the ugliness of the city—to the snarling traffic and the uncollected trash of New York—we may never see her skyline shimmering on a summer night.

When August ends, it all comes back anew. The Congress returns in September, the court convenes in October. Soon the tourists depart, the political wars resume, and the numbed newsman looks from 30,000 feet, not at the land below, but at the papers in his lap. But for a while, at least, while the hammock sways and the millpond beckons, August lets us think upon the things worth thinking on.



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LETTERS TO THE EDITOR

Telling the Business Story

I read with great interest James J. Kilpatrick's column, "Why Students Are Hostile to Free Enterprise" [July], and concur that the basic problem lies in our educational system. Hopefully, businessmen are becoming alert to this problem and are devoting time and effort to explaining the free enterprise system, as well as the American way of life. I sought to do so in a commencement address this past June at Southwestern College, in Winfield, Kans. The graduates were most attentive to my remarks, and I have since heard many favorable comments from them.

FRANK E. HEDRICK
President
Beech Aircraft Corp.
Winfield, Kans.

I was delighted with the breath of fresh air introduced into an atmosphere which is currently so badly polluted by most of the media, most of academia, and millions of people on tax-supported payrolls. In fact, the atmosphere is so bad that it may just be a matter of time before it suffocates all business and the people whose livelihood depends on the free enterprise system.

All businessmen should turn off support of those academic institutions and foundations that would destroy business. They should also withhold their advertising from all forms of media that are hostile to our system. Besides these measures, businessmen should also spend heavily on advertising with magazines like yours and other pro-business publications that still survive.

WILBUR C. RICE
President
Flomatic Corp.
North Hootick, N.Y.

Mr. Kilpatrick does not emphasize the two-way nature of the problem. Businessmen as a group know as little about the nuts and bolts of university operations as their professional counterparts know about the real world of business.

Mr. Kilpatrick writes that, with

few exceptions, colleges and universities "are now little brooder houses hatching students who are ignorant of industrial life and generally hostile to the incentive system." He could just as truthfully write that, with a few conspicuous exceptions, business and industry "are lifelong patterns of dull conformity molding people who are ignorant of what education really means and are generally hostile to new ideas."

Instead of academia wantonly attacking business or business trying to force a cheerleading role on academia, an honest effort to totally understand the other's mission might lead to renewed respect on both sides.

JEFFREY C. MERRICK
Assistant to the Vice President
Snap-on Tools Corp.
Kenosha, Wis.

The Indianapolis Chamber of Commerce sponsors an annual Opportunities L.A.B. (Learn About Business), an economic education program for high school juniors. We believe this unique, ten-day project strikes right at the heart of correcting misconceptions which exist about our free enterprise system.

ANN M. OVERTURE
Director of Education
Indianapolis Chamber of Commerce
Indianapolis, Ind.

Jobs go begging

In our community, the unemployment rate is supposedly nine percent. However, our Sunday newspaper carries two pages of help wanted ads. These are not ads for highly skilled men or women.

The unemployed will really become interested in finding work only when the government dole stops. Many unemployed are receiving very little less in unemployment compensation than they received in salary. They also do not have normal work expenses, such as transportation, meals outside the home, etc.

Too many U.S. citizens think of the government as they instead of us. Too many congressmen forget they

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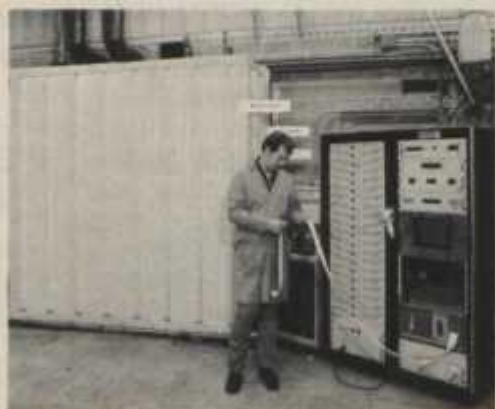
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should give more consideration to the middle income employee who is the mainstay of this country.

FRAN EISEMAN
Fran Eisman Realty Co.
Bloomington, Ind.

To make executives productive

Your July cover story, "Productivity—How to Beat Inflation and Boost Earnings," was quite interesting. I was disappointed, however, at the quick brush-off given to improving executive productivity.

Since my business revolves around the improvement of executive productivity, permit me to share some observations with you.

The best way to improve executive productivity is to enable the executive to make more effective use of his or her time.

An executive's time can be divided into the time spent gathering information and the time spent using it.

The process of using information includes analysis, evaluation, criticism, deduction, synthesis, comparison, decision-making, and taking action. Any individual whose duties include even one of those activities has no business gathering data.

There are professionals whose sole function is to gather information.

Devoting less time to gathering information and more to using it will result in an increase in executive productivity.

GARY B. FIEBERT
Director, Business Development
Information for Business
New York, N.Y.

On the grand old game

My thanks and appreciation for James J. Kilpatrick's column, "The Grand Old Game" [June].

I sometimes worry about the future of baseball, but with persons like him leading the way, I am convinced that our national pastime will not only survive but flourish.

I, too, am a veteran of the old Western League, and I well recall that long ago night in Des Moines when Lee Keyser brought night base-

ball to the game for the first time. At least, that is what we Iowans claim. Occasionally, one hears rumors that night baseball may have started elsewhere, but we refuse to believe it.

Mr. Kilpatrick's record is close to 100 percent with this reader, whether he is talking baseball, economics, or politics.

PAUL L. PARKER
Senior Vice President
General Mills, Inc.
Minneapolis, Minn.

Synthesizing petroleum

Thousands of words have been printed about the impact of the energy crisis on our economy and the continuing threat of more damage from another oil embargo.

But the best that we have had from government is the raising of gasoline prices in the hope there will be less demand for gasoline and, as a result, less demand for imported oil.

We are further told that we must tighten our belts and face the reality of a frugal life-style for at least the next 20 years, while we develop alternate energy sources.

In this first real peacetime test of the mental resources of the geniuses we have in government, we have gotten only hysterical yappings of politicians who apparently have forgotten the lessons of the past and the

capability and inventiveness of the American people.

We managed to begin producing synthetic rubber on a large scale within a year after the Japanese cut off our natural rubber supply at the beginning of World War II, and the war machines of ourselves and our allies rode to victory on tires made of the synthetic material. During that same war, we developed the atomic bomb and ushered in the fantastic era of atomic energy.

If we are hell-bent to become independent in energy, we must recognize the problem as a scientific, not a political one.

And we must approach it with the same urgency that we would face the peril of war.

An enormous crash program, probably in the billions of dollars, should be funded to synthesize petroleum by a specific date.

There will be claims that the problem is too complex. But the fact remains that though petroleum is a complex material, it is composed of carbon, hydrogen, oxygen, nitrogen, and some sulfur—all elements available in almost limitless quantities.

BENJAMIN GRAY
Senior Partner
Gray and Karolyi Associates,
Architects and Engineers
New City, N.Y.

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- "Why Consumer Attitudes Matter More Than Economics" page 34
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Tax Break to Help Offset College Costs?

Will the high cost of attending college gradually shut out all but the poor and the rich?

Even with scholarships, student loans, and other aid, more and more middle-class families find it hard to send their youngsters to college.

Tuition and charges for room and board have doubled at both private and public institutions in the past decade.

As it has before, Congress is taking up legislation that would help parents sending children to college by giving a tax break to partly offset school costs. It would benefit middle-income families most.

As in the past, the proposal is opposed by the Treasury Department. Officials there say it would cause an

unjustified loss of revenue. Based on bills now before Congress, the tax break would cost the Treasury \$2.5 billion annually.

"Soaring tuition rates, continuing inflation, and the reduction of financial aid opportunities are making it unbearable, in some cases impossible, for parents to finance their children's higher education," says Rep. Lawrence Coughlin (R.-Pa.), author of a bill offering a \$325 maximum tax credit.

"Middle and lower middle-income students have been increasingly priced out of postsecondary education," says Sen. Lloyd Bentsen (D.-Texas), author of another of the measures.

"The children of the very poor," he

adds, "frequently qualify for full scholarship aid, and those who are very rich can afford high tuition. It is primarily moderate-income Americans who are frequently ineligible for federal assistance and who have been suffering during the cost squeeze in education."

Sen. Strom Thurmond (R.-S.C.), author of a bill similar to Rep. Coughlin's, says: "Inflation increases the tax burden of our citizens under our progressive tax structure, and relief for the skyrocketing expenses of higher education is badly needed."

What do you think?

Should parents be given a tax break to help them meet the cost of college education for their children? Or shouldn't they?

PLEASE CLIP THIS FORM FOR YOUR REPLY

Kenneth W. Medley, Editor
Nation's Business
1615 H Street N.W.
Washington, D.C. 20062

Give parents a tax break to help offset college costs?

☐ Yes ☐ No

Comments:

Name and title

(PLEASE PRINT)

Company

Street address

City

State

Zip

The Hidden Penalties of Double Taxation

The July "Sound Off to the Editor" question on whether to end the double taxation of dividends evoked a flood of comments which boil down to a resounding yes.

Among the overwhelming number of affirmative answers, the primary theme is the taxation's inhibiting effect on capital formation.

Some representative comment:

"We have penalized the requirement for capital to finance the growth of business," says President Robert A. Fried, F.W. Means & Co., Chicago. "It is certainly not in the interest of our society to have double taxation for one segment, especially when a business relies on this particular segment for capital to sustain its growth."

"This inequity in our tax structure has resulted in lower investment and consequently lower productivity in our entire nation. That would not have been the case had dividends not been doubly taxed," declares President

"The double taxation of dividends, in my opinion, has been the principal reason the money available for industrial growth and job expansion has not matched our nation's needs," says Joseph A. Plonski, a realtor in Jersey City, N.J.

E. Malcolm York, vice president-



Too much revenue would be lost if dividends were completely freed of tax, says William A. Dooley, an attorney in Sarasota, Fla. He suggests raising the \$100 exemption on dividends to \$500 or \$1,000.

finance, Paul Inman Associates, Inc., Farmington Hills, Mich., calls the present system "a tremendous detriment" that drives up capital costs.

Many readers, while answering with a yes, discussed other aspects of taxation, too.

"Instead of addressing double taxation on dividends as a separate issue," says J.F. Kneese, Jr., vice president of the Olin Corp., Winchester Group, New Haven, Conn., "an overall revision of tax allowances for depreciation and the inflationary erosion of the value of the profit dollar, debt, and dividends is needed so that a more equitable balance can be achieved on capital funds from reinvested profits, debt, and equity."

A relative handful of readers answered with a no, giving a variety of objections.

"Because the big money corporations and people can afford the tax easier than the lower-income and middle-class people," says Dennis Forsythe, agency manager, Farm Bureau Mutual Insurance, Leon, Iowa.

"The taxation of dividends does not discriminate against corporations, although a burden against the corporation," is the view of Robert

P. Freeman, controller, Central Texas Clarklift, Inc., Waco, Texas.

"No, sir! The answer is to increase corporate income tax and wipe out all personal income tax," says Marion J. Talbot, owner of the M&M restaurant in Spokane, Wash.

"It would only mean another tax on lower-income workers," comments reader John C. Stouffer, of Orrstown, Pa.

No, says President Lincoln B. Frazier, Campbell Supply Co., Marquette, Mich., "not until our federal debt is reduced."

Some readers who vote to end double taxation offer pungent comments:

"This seems so obvious that one wonders why it has to be said," says Ollie D. Smith, Birmingham, an Alabama Power Co. executive.

"I think we are fighting a losing battle, but let's go down fighting," is the view of C.R. Westaway, a consultant at Ingersoll-Rand Co., Wellesley, Mass.

"The chance of its being done is small," says President S.S. Steele, S.S. Steele & Co., Mobile, Ala. "Why should the federal government give up money?"

"If a tax is eliminated, our friendly bureaucrats will put another one in its



James B. McIntosh, president, The Midland Mutual Life Insurance Co., Columbus, Ohio, says ending the double taxation would have many good results, one of which would be a broadening equity base.

Kenneth H. Read, Don R. Hinderliter, Inc., Tulsa, Okla.

Eliminating double taxation of dividends "would make the ownership of common stock generally more attractive and thus improve liquidity in the securities market," comments Chairman Gordon E. Crosby, Jr., USLife Corp., New York.

"The more profitable it becomes to invest in business, the more business can invest to increase production and services to improve everyone's lot," says President Albert Simon, Jr., Tower Oil & Technology Co., Chicago.



Leo R. Montgomery, controller, Benton Harbor, Mich., urges making dividends tax-deductible for the corporation and eliminating personal income tax on them.

place," observes R.J. Smith, vice president, engineering bearing division, McGill Manufacturing Co., Inc., Valparaiso, Ind. "I would worry about the new one. It might be worse than the tax it replaces."

Recurrently cited is the need to encourage greater investment.

"The incentives for corporate growth and individual investments have been slowly taken away from us until some have reached the point of wondering, why bother? This would certainly be a step in the right direction," writes President Gary G. Thomas, Century Coatings, Inc., Houston, Texas.

"If we wish the free enterprise system to prevail," comments L.A. Thurrell, district manager, Hercules, Inc., Cleveland, "then more individuals must get involved. One of the ways to



Freeing corporate profits of double taxation would broaden ownership of stocks, and that should be an aim, says Howard M. Haug, a vice president of The Chase Manhattan Bank, New York.

get involved is via stock ownership. A compromise technique would be to raise the \$100 tax-free exclusion on dividends to \$1,000."

"I feel an end to this double taxation would help improve our economy without adding fuel to inflation," says President A.W. Kaufmann, Air Filter Sales & Service, Portland, Ore. "Dividends are frequently a source of savings for families, and these savings in turn are used to expand industry and provide mortgage money for housing."

Merlin L. Cook, San Antonio, Texas, answers the question with a question. He likens double taxation of dividends to this situation:

"Your take-home pay is \$1,000. You give your wife \$200 to buy groceries. But you say to her, 'Honey, you have to pay income taxes on this \$200.'"

Then Mr. Cook asks, "What is the difference?"

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What to Expect From

Here are Capitol Hill issues that businessmen will need to follow in the next four months

AS MEMBERS OF CONGRESS get back to work this month to finish out the year, they face a wide range of decisions on issues that will concern businessmen.

Energy, tax reform, budget restraint, and proposals for more government controls on business are among the key matters to be taken up in the remaining months of the first session of the 94th Congress.

Confrontation over basic philosophy and the specifics of some proposals is likely to continue between the Republican President and Democratic majorities on Capitol Hill.

President Ford and Congress have clashed over his efforts to reduce government involvement in the private economy and to curb spending proposals. That is not to say that the President has any immediate plans

for getting the government out of the red. The budget debate between the White House and Capitol Hill is over how big the deficit should be.

Mr. Ford has achieved a much stronger position than was widely expected when the present session began last January. A strong liberal tide was running in Congress and there was also a general assumption that the presidency had been weakened by the Watergate scandals and because Mr. Ford held office by appointment rather than election.

However, President Ford has effectively used his veto power against spending proposals he considered excessive as well as against energy policies he believed would increase the nation's dependence on imported oil.

Of nine vetoes thus far this year,



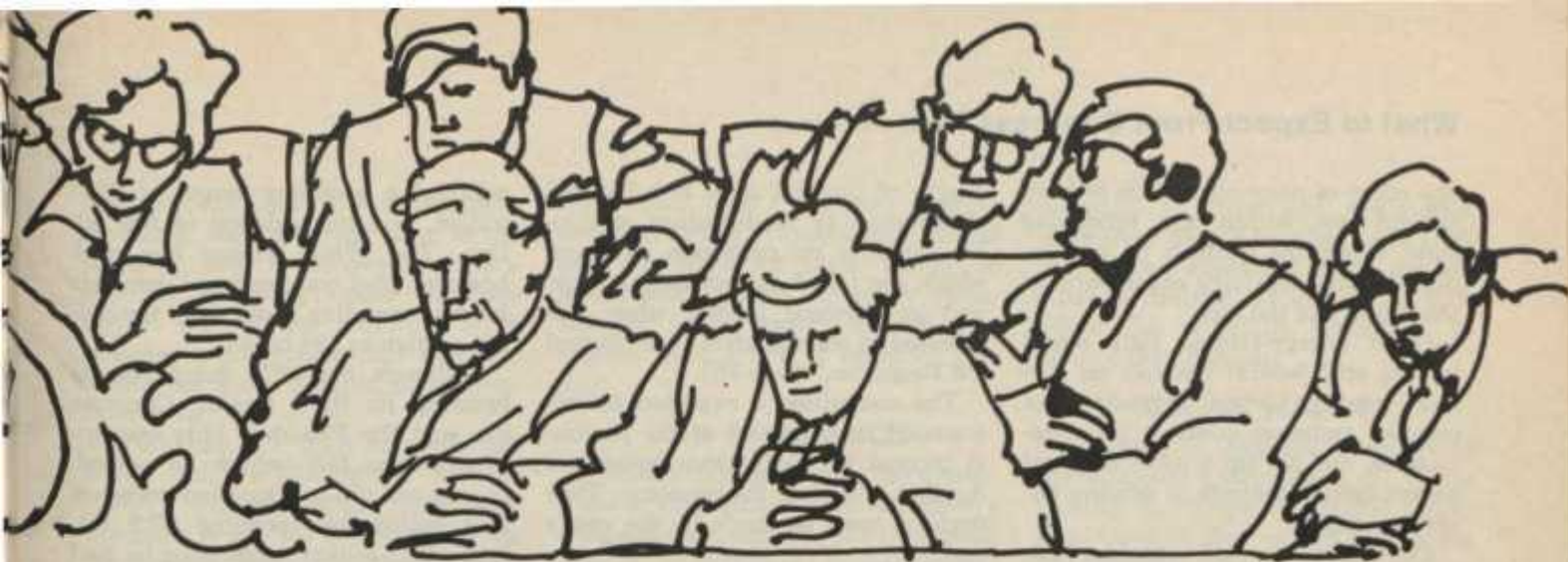


ILLUSTRATION: PAUL HOFFMASTER

Congress Now

Congress has overridden only one and has yet to act on another.

Because of internal divisions, the overwhelming Democratic majorities have been unable to present a united front in dealing with the President, and the so-called veto-proof Congress widely heralded after last November's elections has never materialized.

Events of 1975 show that progress on legislation for the duration of the 94th Congress will generally depend on the extent to which the President and the Democrats can reach compromises.

Here are the leading issues that businessmen will need to follow:

ENERGY

President Ford has asked Congress to end remaining controls on

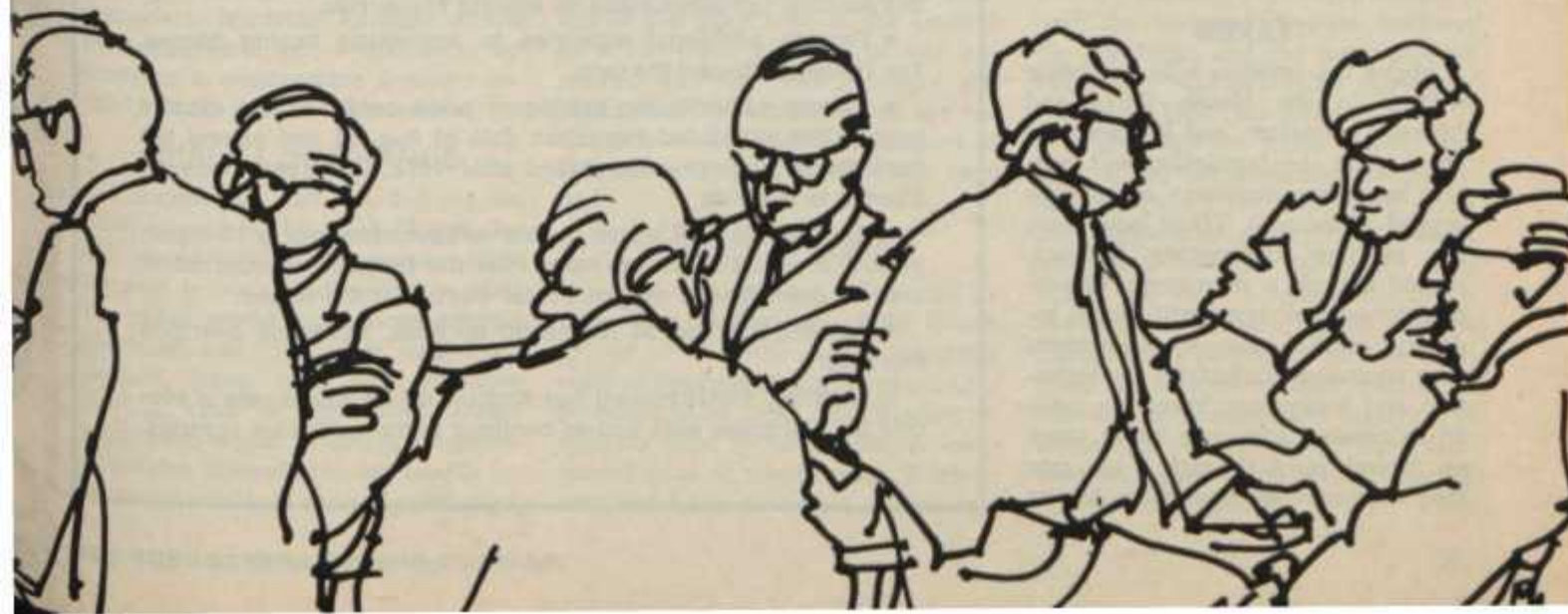
oil prices and to decontrol the well-head prices of natural gas sold in interstate commerce. He says higher prices that would result when market forces take over would be an incentive to exploration for new wells and would also encourage conservation. He would gradually decontrol oil from domestic wells drilled prior to 1973. Production from wells drilled since the beginning of that year is not under price controls.

The law authorizing price controls on oil expired at the end of August. Congress sent the President a bill providing for a straight six-month extension, but he said he would veto it because it made no provision for beginning gradual decontrol. Democrats in Congress are also pressing for legislation to roll back prices of domestic oil from new wells.

Because of the timing, the questions of whether price controls are to be continued, in what form, and for how long are the most pressing facing Congress as it reconvenes.

Pending in the Senate is a bill approved by the Commerce Committee as an alternative to the President's recommendations for total decontrol of natural gas prices. The committee bill would take price controls off gas from new onshore wells developed by independent producers—those not affiliated with a major oil corporation. Gas sold in interstate commerce from other sources would remain subject to varying degrees of control.

Natural gas price policies are becoming critical because of the severe shortages of natural gas expected in many parts of the nation this winter. President Ford has pointed out that



one effect of price controls is to keep natural gas within the producing state, where the controls do not apply, thereby depriving other parts of the country of the fuel.

Other energy-related bills would impose stiff federal controls on surface mining, delay imposition of tougher emission controls on automobiles, and set up a wide range of governmental controls to achieve energy savings.

Congress also will consider administration and other proposals for extending deadlines for meeting air quality standards. The recommendations are designed to bring environmental constraints into better balance with the growth needs of the job-producing economy. One major effect would be greater use of coal by electric power plants, meaning reduced dependence on imported oil. The original deadline for meeting emission standards set for these and other plants was this year. The administration has proposed a delay to 1985 for power plants and to 1980 for other industrial operations.

The oil industry is keeping a close eye on a Senate-passed bill that would let the Interior Department explore for oil and gas offshore. At present, the department leases offshore tracts for exploration by private oil companies. While sponsors of the bill claim it would enable the government to determine the value of offshore tracts, critics view it as a possible step toward creation of a government-run oil corporation that has been suggested by various congressional critics of the private oil industry.

TAXES

Major tax revision bills are being written in the House Ways and Means Committee, and businessmen are hoping the legislation will contain incentives necessary to increase capital investment. Those incentives, the business community believes, should include a permanent 12 percent investment tax credit for all industry; capital recovery allowances that encourage industrial modernization and expansion; lower tax rates on reinvested earnings; lower taxes on capital gains through a tax rate that decreases in proportion to the

length of time an asset is held; and elimination or modification of double taxation on corporate earnings, which are taxed as company income and as personal income when distributed to shareholders [see "Sound Off Response," page 18].

The committee is expected to recommend continuation of the personal income tax deductions voted last April to stimulate the economy. That decision must be made by the year's end.

The Ways and Means panel is considering at least 60 other significant areas of tax law, including international trade, various types of deductions, and special provisions to encourage expansion of the electric power industry.

GOVERNMENT SPENDING

President Ford has proposed a \$355 billion budget for the current fiscal year, which would mean a deficit of \$60 billion. The new congressional budget committees have

adopted a spending target of \$367 billion, and see a deficit of \$69 billion. The White House has said, however, that congressional demands for new spending could push the deficit as high as \$88 billion.

Although the 1976 fiscal year is entering its third month, Congress has sent the President only one appropriations bill—which he vetoed. It was an aid-to-education measure that called for spending \$7.9 billion—\$1.5 billion more than he had asked. The single veto Congress was able to override involved a \$2 billion, two-year authorization for health services. The money cannot be spent until Congress enacts a separate appropriations bill.

Continued conflicts over spending proposals are considered assured. Administration officials warn that pushing the deficit beyond the \$60 billion limit set by the President raises the threat of renewed serious inflation.

In addition to the presidential-

BOX SCORE ON VETOES

Thus far this year, President Ford has vetoed bills to:

- Suspend his authority to impose import fees on oil from abroad. Congress made no attempt to override.
- Increase for one year farm price supports and income guarantees. The House sustained the veto.
- Set standards for control and reclamation of surface mining of coal. The House sustained the veto.
- Spend \$5.3 billion on an emergency program of public service employment. The House sustained the veto.
- Authorize the spending of \$98 million to promote tourism within this country. Congress made no attempt to override.
- Provide additional subsidies to individuals buying homes. The House sustained the veto.
- Extend authority for petroleum price controls four months beyond the scheduled expiration date of Aug. 31 and extend the controls to oil from wells drilled after 1972. Congress made no attempt to override.
- Appropriate \$7.9 billion for aid to education over a 15-month period, a sum \$1.5 billion more than the President requested. A vote on overriding is scheduled for Sept. 9 in the House.
- Authorize \$2 billion for health services. Congress overrode this veto.

In addition, the President has announced he would veto a second bill Congress sent him to continue petroleum price controls.

congressional clash over government spending, the important issue in the spending area is Congress's experience in operating under the new budget control act requiring it to consider total income and outgo as it handles the individual appropriations bills.

While the law does not take full effect until consideration of the 1976-77 budget begins next year, Congress is making a test run of the new procedures in considering 1975-76 budget bills. [See "Business: A Look Ahead," page 82.]

The experiment is being watched closely as a barometer of congressional determination to begin to bring federal spending under control.

CONSUMER AFFAIRS

The top issue here remains legislation to create a new federal agency that would have sweeping jurisdiction to represent consumers as an additional party before federal regulatory agencies. The proposed Agency for Consumer Advocacy, which at first was to be called the Consumer Protection Agency, is viewed by the business community as an unnecessary, expensive addition to a federal bureaucracy already too involved with private business activity.

LABOR

Organized labor is pushing hard for passage of a bill that would allow a union that had a grievance against only one of many subcontractor-employers on a construction site to shut down the entire project. The bill would exempt such union activity from present laws against secondary boycotts. Passage of the bill, opponents say, would drive up costs in a construction industry already badly hurt in the recession.

HEALTH INSURANCE

Congress is still divided on its basic course in this field. One major bill would establish a program tantamount to socialized medicine. Half the costs would come from general revenues and the other half from payroll taxes, with the employer paying most of the latter. Other proposals would establish programs operating through private health insurance carriers, with government,

employers, and employees sharing premium costs. Government would pay premiums for those unable to afford them. There are many variations on health insurance proposals, and no final action is expected this year.

JOB INSURANCE

Pending legislation on unemployment compensation and workmen's compensation could result in imposition of tough federal standards and sharply higher costs for businessmen. Responsibility for these programs traditionally has been left to the states but the legislation calls for a large measure of federal control. [See "Business: A Look Ahead," page 82.]

OSHA

Business continues to urge that Congress adopt a reasonable plan under which government specialists could advise employers on what they need to do to be in compliance with the Occupational Safety and Health Act. Any such legislation, businessmen believe, should ensure that an employer who seeks on-site consultation is not thereby made vulnerable to charges of violating the OSHA law. [See "Business: A Look Ahead," page 82.]

LAND USE

A bill to put the federal government into procedures for determining land-use policies of state and local governments remains alive in the Senate Interior Committee. Similar legislation was killed in a House committee, but backers are now looking to the other side of the Capitol in a last-ditch attempt to win approval. Business has strongly opposed land-use legislation at the national level because of the threat of federal controls. [See editorial, page 84.]

FOOD STAMPS

Legislation has been introduced by more than 70 members of the House to put strict curbs on the runaway costs of the food stamp program. One proposal is to deny food stamps to workers who go on strike, a long-sought goal of the business community which has protested government

subsidies to those who voluntarily leave their jobs. Also pending is a request from President Ford for another \$3 billion, on top of the \$3.8 billion he originally requested, to finance the program.

CLEAN WATER

Congress is awaiting a report of the National Commission on Water Quality as to how the Water Pollution Control Act of 1972 is being implemented. After the report is presented, hearings are expected on problems that have arisen under the 1972 statute. Business people have found that many provisions are conflicting and confusing. Also, business people have found the law is often unreasonable. For example, they point out some standards require that water must be returned to a river or other original source cleaner than it was when taken from that source.

Other issues in which business has a big stake include regulatory reform, with specific proposals awaited from the White House; revisions of last year's pension reform law; tougher antitrust procedures; highway financing; restrictions on lobbying; assistance to bankrupt railroads; deficits in the Postal Service; control of toxic substances; and prospective increases in Social Security payroll taxes.

What kind of atmosphere will Congress be operating in as it deals with the legislation before it?

A veteran senator's outlook is shared by many of his colleagues in both parties.

Sen. James B. Pearson (R.-Kans.) says the political division between the President and the congressional majorities "will inevitably mean continued conflict." He adds:

"There will be more vetoes. But as both the Congress and the President develop a better sense of their own respective strengths, I would anticipate that the frequency with which the veto is exercised will be reduced. For its part, I think that the Democratic leadership in the Congress has recognized that, despite its overwhelming numerical majority, it cannot at will overpower the President on issues which he feels deeply and strongly about." END

WHAT'S AHEAD FOR ENERGY

Putting Down the Scare Stories and Facing Reality

By REP. MIKE McCORMACK



THE ONE certain thing about energy is the confusion that exists almost everywhere.

But one concept has emerged that has almost universal acceptance—namely, that we must reduce waste in our use of energy.

What is not apparent, however, even to many sincere and concerned policymakers, is that the total energy consumption of our nation must continue to increase, even if we establish very successful conservation programs.

Additional energy will be required for new homes, new jobs, upward mobility of low income groups, employment for women, more protection for the environment, and more industry.

This will be true even if we have zero population growth.

Production is declining

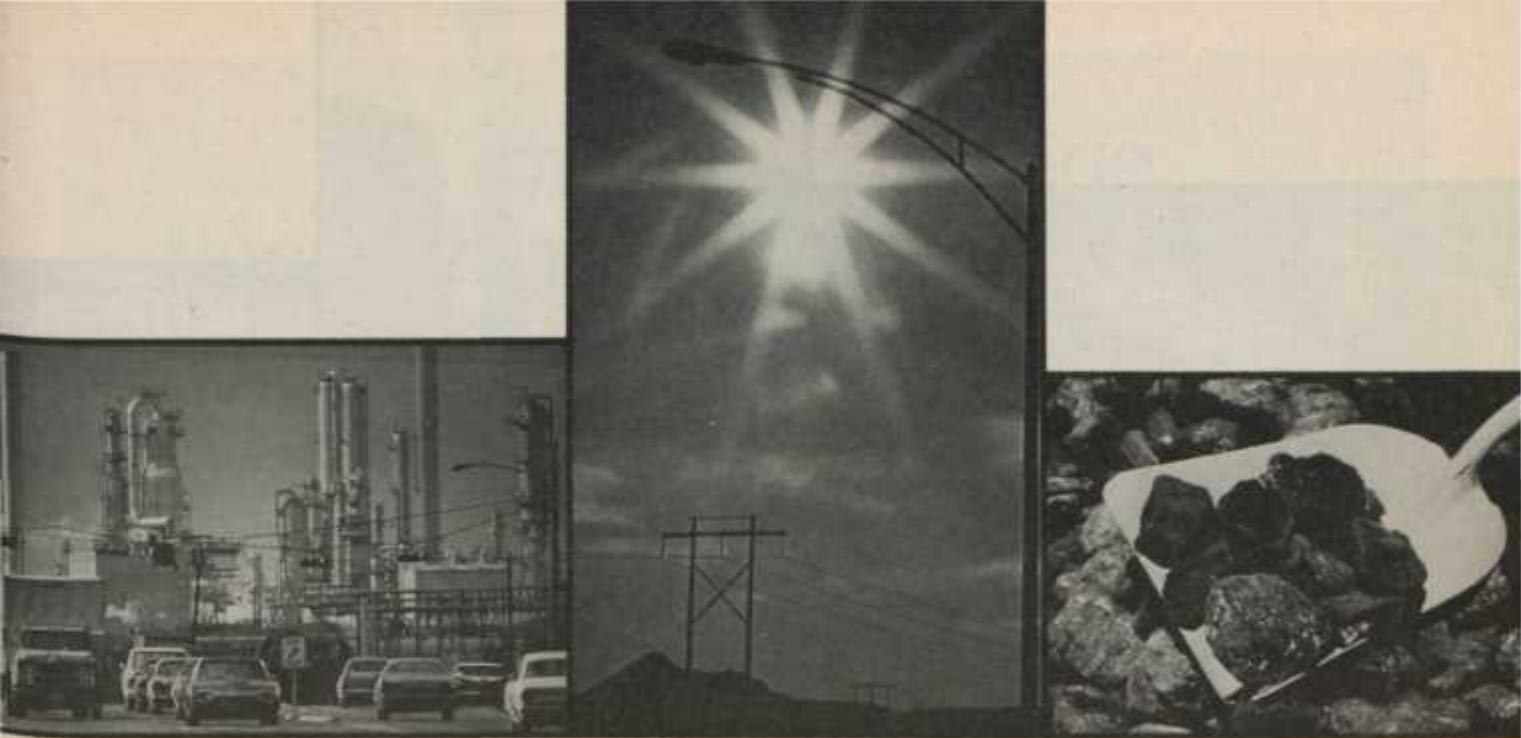
Unfortunately, most of the debate on the energy crisis, in spite of the perils, has centered around such subjects as import tariffs, quotas, gas taxes, allocations, regulations, and incentives.

While all of this is important, it is something like wrestling for deck chairs on the Titanic.

The stark realities are that, while this debate goes on, our production of oil and natural gas is down from last year. In fact, we are running out of both. So is the entire world, including the Middle East.

Each nation has its own date with reality, and few lie very far into the next century.

PHOTO: GEORGE TAYLOR



Today we are consuming about six billion barrels of oil a year, about four billion of which come from domestic sources. The National Academy of Sciences reports that our production is peaking at that level. We will be down to 1.5 billion barrels a year, the academy estimates, by the year 2000.

Outlook for solar energy

Any energy policy must be based on the best scientific and engineering facts available. We cannot afford the luxury of basing policies on wishful thinking. Assuming that solar or geothermal energy will bail us out, or that we will be lucky enough to find enough natural gas or petroleum to keep us going, is wishful thinking.

So is the hope that the American people will voluntarily slash their consumption of energy at the cost of a much lower standard of living and massive unemployment.

In 1972, this nation consumed the equivalent of 34 million barrels of oil a day. That's the total for all our sources of energy—coal, natural gas, hydroelectric power, nuclear power, as well as petroleum itself.

This year, Americans will consume the equivalent of 37 million barrels a day.

However, since 1972 our domestic natural gas production has dropped the equivalent of one-half million barrels a day and domestic oil production has dropped one million barrels a day.

Coal production has scarcely

changed at all in the past three years. It is up from the equivalent of six million barrels a day to 6.5 million. Hydroelectricity has increased a little. In 1972, it was equivalent to 1.4 million barrels a day. Now production is 1.5 million.

Only nuclear energy has shown a big increase. It is up from the equivalent of 300,000 barrels a day to one million.

But the increase is far outstripped by imported oil, which is up from 4.5 million barrels a day in 1972 to seven million now.

What of the future?

We will consume the equivalent of about 48 million barrels a day by 1985. This forecast assumes an extremely aggressive conservation program which would cut our traditional growth rate in energy consumption in half—from 3.6 percent to 1.8 percent.

The forecast also assumes a very aggressive search for oil and gas.

Energy and production

What if we cut consumption below 48 million barrels?

There is a very close relationship between energy consumption, gross national product, and employment. So if we do, we will be reducing employment by an estimated 900,000 jobs for each million barrels.

An equilibrium should exist between energy consumption, a reasonable program for protecting our environment, and maintenance of a stable, responsive economic system.

We cannot expect to have energy production without some impact on the environment, and we can't expect to have jobs for the American people unless we produce more energy.

Thus, we have several environments to protect. Not only are there those we normally think of—air and water—but there is also the economic environment and industrial capacity that will maintain this nation's national security and economic stability.

Finally, there's the environment of our own homes, where we must have enough energy for a decent standard of living.

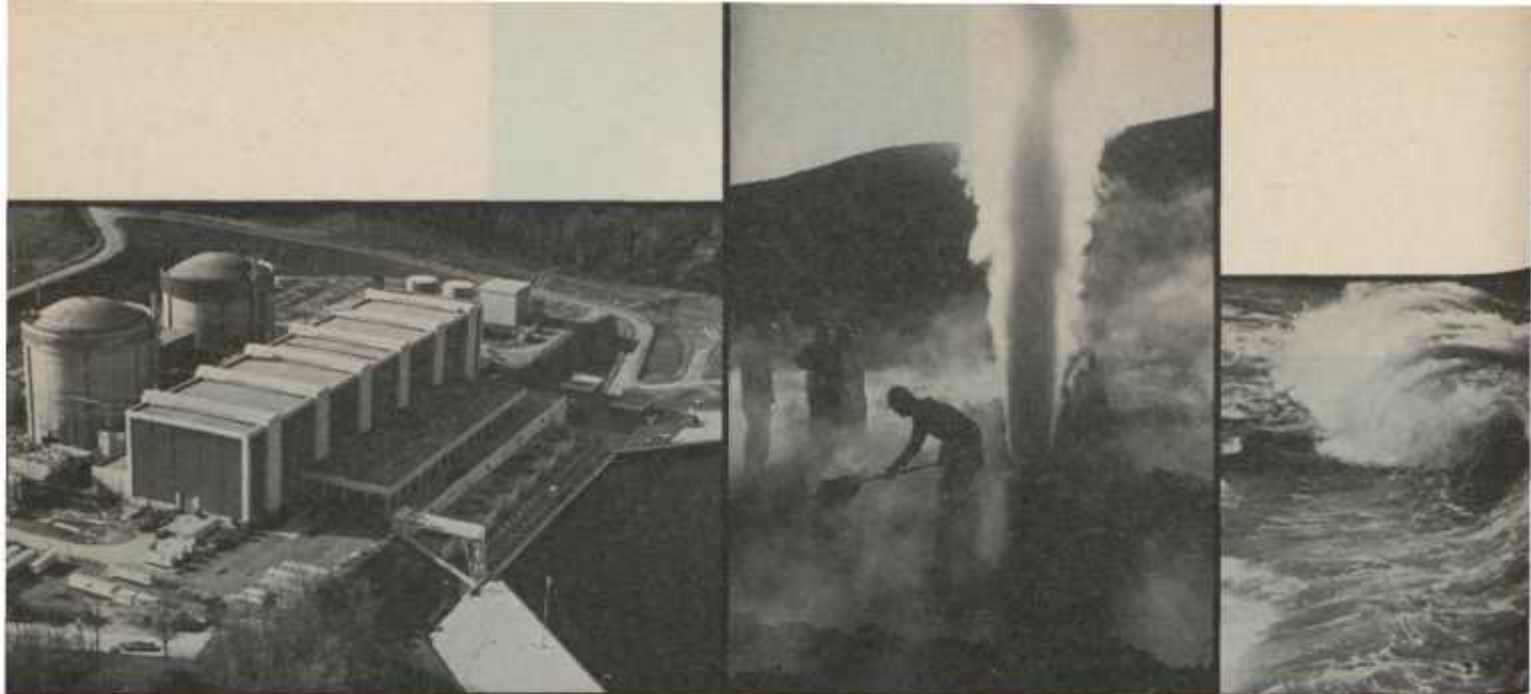
Our national energy policy must strike a balance between them in a rational manner.

Research for new sources

One general misconception is that research and development, generously funded, can solve energy problems in the very near future. Nothing could be further from the truth. Even with a crash program, the time required between successful demonstration in a laboratory and implementation of such technology takes ten to 30 years. Usually, the time lag is closer to 30.

There is no way, for example, that a tidal wave of federal funds could make solar energy or geothermal energy a significant resource for this nation before 1990—or nuclear fusion before the year 2000.

So, while we must support an aggressive research and development program, our nation must rely for the



Putting Down the Scare Stories and Facing Reality *continued*

immediate and short-range future on energy sources which are available to us today.

Coal is our greatest resource of fossil fuel. We must rely heavily upon it. We will need to increase dramatically our coal production. To do so, we must allow coal to be surface mined under realistic regulation and responsible reclamation of the land.

Use of nuclear power

One of our greatest strokes of good fortune is that our nuclear industry is as well advanced as it is today. It is ready now to provide much of the energy this nation will need during the next 50 years.

Nuclear energy is the cleanest and cheapest source of energy available with the least impact on the environment. If we did not have nuclear energy available to us for the coming decades, our country's future would be black indeed.

Meanwhile, ill-informed antinuclear activists are clamoring for a moratorium on nuclear energy—our only hope for self-sufficiency during the rest of this century.

Much to-do has been made about the hazards of nuclear power. Many false or flagrantly distorted news stories and TV programs about those dangers have been foisted on the public.

Atomic explosion?

Some scare stories reach the point of absurdity. For example, is it correct to believe that a nuclear power

plant might explode like an atomic bomb?

"It is impossible for nuclear power plants to explode like a nuclear weapon," says Dr. Norman C. Rasmussen of the department of nuclear engineering at the Massachusetts Institute of Technology.

"The laws of physics do not permit this," he points out in a study he directed for the U.S. Atomic Energy Commission, "because the fuel contains only a fraction (three to five percent) of the special type of uranium that is used in weapons."

It is essential, of course, that every reasonable safety precaution be taken in the design and operation of nuclear power plants. The nuclear industry, like any other, poses some risks.

But how great are they?

With 100 plants on the line, the report says, the danger of injury to any individual or group will be about the same as their danger of being struck by a meteor.

Predictably, the antinuclear lobby assailed Dr. Rasmussen's report. They charged that the report was too conservative by a factor of ten to 16. Thus, if we take their word for it, the danger of death from an atomic power plant is only ten to 16 times as great as the chance of being killed by a meteor.

This helps put the subject into perspective.

Radiation injury is another bugaboo the report discusses.

Assume that 1,000 nuclear power

plants are on the line by the year 2000, it says.

Then the average American will receive the following radiation:

- From natural background: 102 millirem per year.
- From medical X rays and therapeutic radiation: 73 millirem per year.
- From nuclear power plants: 0.4 millirem per year.

Radiation safeguards

"The only way that potentially large amounts of radioactivity can be released is by melting the fuel in the reactor core," the study says. "Not once in some 200 reactor years of commercial operation has there ever been a fuel melting."

Nuclear power plants, of course, have numerous systems to prevent core melting.

Today there are 55 nuclear power plants licensed to operate in the United States. By the end of next year, 72 plants should be operating. Another 149 are under construction or being planned.

If they are on the line by 1985—and they can be if we simply eliminate unnecessary delays and provide capital for construction—then the nation will have a nuclear capacity of about 220 thousand megawatts. That would amount to about 30 percent of our electrical generating capacity.

Each nuclear power plant saves us the equivalent of ten to 12 million

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If a little red wagon and trike were part of your growing up, maybe we were part of it, too. For a long time our Industrial Products people have made the wheels and tires.

It takes a man from our Plastics Company to explain how our resins made this court surface possible. But you can have just as much fun not knowing.

If you also want your van to ride extra smooth and handle extra easy, Ride-Rite[®] Comfortaires from Firestone Industrial Products are a beautiful idea.

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Putting Down the Scare Stories and Facing Reality *continued*

barrels a year. Thus it would take seven million barrels of oil a day to produce the same amount of electricity as these nuclear plants will generate.

That's the equivalent of all the oil and petroleum products that the United States imports today.

Fusion in our future

Three future sources of energy which have attracted a great deal of public attention are solar energy, geothermal energy, and nuclear fusion.

Congress has appropriated hundreds of millions of dollars for research and development of all three. However, we can't expect miracles overnight from any of them.

With well-managed, well-funded, aggressive programs, we may be able to provide two percent of our energy from the sun by the year 1990, but not before.

Even with a crash program, it is unlikely that we can produce one

percent of our total energy from all geothermal sources before we are into the 1990's.

What about nuclear fusion?

In the past three years, researchers have made great progress in controlling this new source of energy. Now, for the first time, we understand the physics and dynamics of the plasma in which the thermonuclear reaction must take place.

Prediction of success

For the first time, we are in a position to predict success. Congress has appropriated this year \$192 million to back this research, double what it spent last year.

By the mid-1990's, or a few years later, we should have a commercially feasible fusion electric demonstration plant in operation. If this program is successful, we may be able to look forward to providing unlimited quantities of clean, cheap energy forever.

That means we can look forward to phasing out burning fossil fuels

and the use of nuclear fission to produce electricity. But that happy day won't dawn until the 21st century.

Meanwhile, the nation must depend for most of its energy on coal and nuclear fission.

There is no choice.

If we do not develop a comprehensive national energy policy now, we will face a disastrous energy crisis in 1985—far worse than the one we face today.

The result would be equivalent to losing a major war.

The challenge is equivalent to organizing for and fighting one. **END**

THE AUTHOR, a Democrat, represents the fourth congressional district of the state of Washington. A former nuclear scientist, he is the author of the Solar Research, Development, and Demonstration Act of 1974, the Geothermal Research, Development, and Demonstration Act of 1974, and the Solar Heating and Cooling Demonstration Act of 1974.

The rise of a Star doesn't take many moons.

The longer it takes a building to rise, the more costs generally rise, too. So because a Star builder can often erect in half the time required for a conventional structure, you save money right from the start.

A Star Building is computer-designed and pre-engineered to meet your individual needs. That's why it goes up so fast. And because it is engineered with "life-cycle" costing

in mind, a Star Building saves you far beyond the initial investment by reducing heating, cooling and maintenance requirements.

Add the fact that it's fully compatible with other building materials for maximum beauty and you've got more than enough reasons to call your local Star builder. Look under "Buildings-Metal" in the Yellow Pages or mail the coupon.



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As a result, solid black areas stay black—no grainy edge effect. Whites stay white—no fuzzy grayish cast. And all halftones in between are reproduced with striking fidelity.

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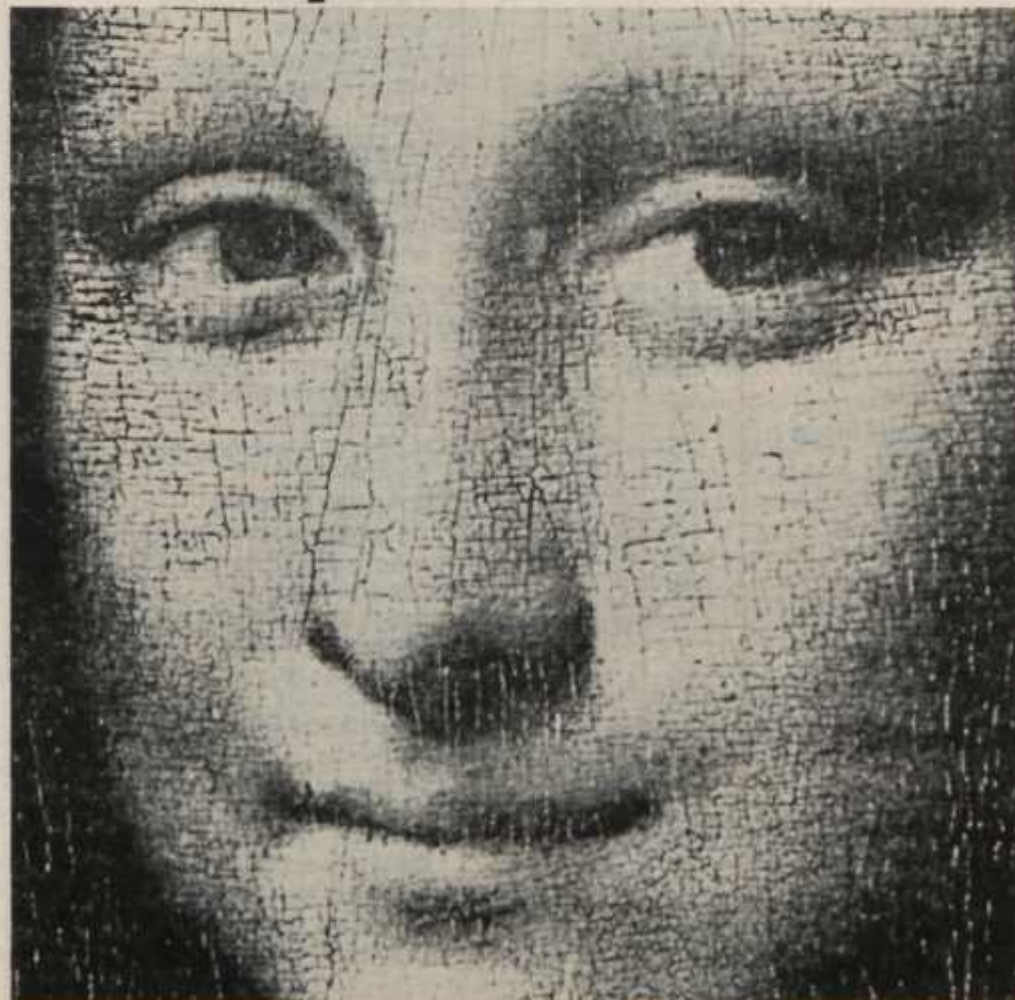
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A Small Business May Be

SBA raises eligibility ceilings for federal aid to small firms

HOW LITTLE must an enterprise be to be considered a small business?

In dollar amounts, not so small at all, under Small Business Administration standards. And now the number of dollars can be larger than it used to be.

SBA has taken into account the inflation of the past few years and changed the ceilings for eligibility by nonmanufacturing companies for loans or other assistance from the agency.

These ceilings have been raised nearly 90 percent in some cases and in others as little as ten percent, with the amount depending on when the ceiling was established.

General ceilings for retailers, wholesalers, construction firms, and service companies were set in 1954. The other categories were added later—shopping center operators, for example, in 1960; passenger and freight transporters in 1962; and agricultural producers in 1974.

The ceilings involve three areas of SBA activity:

New SBA Financial Assistance Standards (Maximum Annual Receipts in Millions of Dollars)		
INDUSTRY	OLD	NEW
RETAIL		
Retail (not listed elsewhere)	\$1.0	\$2.0
Mobile Homes	3.0	3.5
Department Stores	5.0	7.5
Variety Stores	2.0	3.0
Grocery Stores	5.0	7.5
Meat Markets	5.0	7.5
Motor Vehicle Dealers (New and Used)	5.0	6.5
Motor Vehicle Dealers (Used only)	5.0	6.5
Aircraft	3.0	5.0
Men's and Boys' Clothing and Furnishings Stores	1.5	2.5
Women's Ready-to-Wear Stores	1.5	2.5
Family Clothing Stores	1.5	2.5
Shoe Stores	1.5	2.5
Household Appliance Stores	1.5	2.5
Radio and Television Stores	1.5	2.5
Mail-Order Houses	5.0	7.5
WHOLESALE		
Wholesale (not listed elsewhere)	5.0	9.5
Automobiles and Other Motor Vehicles	15.0	22.0
Tires and Tubes	15.0	22.0
Home Furnishings, Floor Coverings	10.0	14.5
Construction Materials (not listed elsewhere)	10.0	14.5
Sporting and Recreational Goods and Supplies	10.0	14.5

INDUSTRY	OLD	NEW
Toys and Hobby Goods and Supplies	\$10.0	\$14.5
Metal Service Centers	10.0	14.5
Metal Sales Offices	15.0	22.0
Coal	10.0	14.5
Electrical Apparatus and Equipment, Wiring Supplies, and Construction Materials	15.0	22.0
Electrical Appliances, Television and Radio Sets	10.0	14.5
Commercial Machines and Equipment	15.0	22.0
Construction and Mining Machinery and Equipment	10.0	14.5
Farm and Garden Machinery and Equipment	15.0	22.0
Industrial Machinery and Equipment	10.0	14.5
Industrial Supplies	10.0	14.5
Printing and Writing Paper	10.0	14.5
Industrial and Personal Service Paper	15.0	22.0
Drugs, Drug Proprietarys, and Druggist Sundries	10.0	14.5
Piece Goods (Woven Fabrics)	10.0	14.5
Notions and Other Dry Goods	10.0	14.5
Footwear	10.0	14.5
Groceries (General Line)	15.0	22.0
Frozen Foods	15.0	22.0
Dairy Products	10.0	14.5
Meat and Meat Products	10.0	14.5
Groceries and Related Products (not covered elsewhere)	10.0	14.5

Larger Than You Think

• Lending and other types of financial assistance by SBA or under SBA guarantee.

• The setting aside of certain government contracts for bidding by small firms only.

• Equity and other financing for small firms from SBA-licensed investment companies and assistance for small firms by local or state development companies which are aided by SBA.

In the first of the above categories, most ceilings are total annual receipts. In the few cases where dollars are not involved in the ceilings—hospitals, for example, where the number of beds is the standard—there has been no change.

In the second category—firms wanting to bid on gov-

ernment procurement—all the ceilings are three-year averages of total receipts.

For a firm wanting investment company or development company aid, the ceiling is a combination of assets, net worth, and net income.

SBA's new and old size standards for nonmanufacturing firms are listed in the accompanying tables. Additional details appeared in the Federal Register dated Aug. 5.

Criteria for manufacturers are unchanged. If a manufacturing firm's employees do not exceed a maximum of 250 to 1,500, depending on the industry the firm is in, the firm generally qualifies for SBA programs.

continued on next page

INDUSTRY	OLD	NEW
Cotton	\$15.0	\$22.0
Grain	10.0	14.5
Livestock	10.0	14.5
Chemicals and Other Allied Products	15.0	22.0
Petroleum Bulk Stations and Terminals	15.0	22.0
Petroleum and Petroleum Products (except Bulk Stations and Terminals)	15.0	22.0
Wines and Distilled Alcoholic Beverages	15.0	22.0
Tobacco and Tobacco Products	10.0	14.5
Paints, Varnishes, and Allied Supplies	15.0	22.0
CONSTRUCTION		
General Construction (including Dredging)	5.0	9.5 (three-year average)
Special Trades (except Plumbing, Heating, Air Conditioning, Electrical, and Structural Steel Erection)	1.0	*
Plumbing, Heating, and Air Conditioning	2.0	*
Electrical Work	2.0	*
Structural Steel Erection	2.0	*
(*Being considered under separate proposal.)		
SERVICES		
Services (not listed elsewhere)	1.0	2.0
Hotel and Motel Industry	2.0	3.0
Power Laundry Industry	2.0	3.0
Trailer Courts and Parks	1.0	1.5

INDUSTRY	OLD	NEW
Hospitals (Less than 150 beds. Unchanged.)	—	—
Convalescent or Nursing Homes	\$1.0	\$1.5
Medical and Dental Laboratories	1.0	1.5
Motion Picture Production	5.0	8.0
Motion Picture Services	5.0	8.0
Engineering Services	2.5	3.5
Cable TV Services	2.5	3.0
Electric Utility (Total annual output less than four million megawatt hours. Unchanged.)	—	—
TRANSPORTATION		
Passenger and Freight Transportation and Warehousing (not listed elsewhere)	1.0	1.5
Air Transportation (Less than 1,000 employees. Unchanged.)	—	—
Storage of Grain (less than one million bushels capacity)	1.0	1.5
Trucking (local and/or long-distance; Warehousing, Packing and Crating, or Freight Forwarding)	5.0	6.5
AGRICULTURAL PRODUCTION		
Crops	.25 (\$250,000)	.275 (\$275,000)
Livestock	.25 (\$250,000)	.275 (\$275,000)
SHOPPING CENTERS		
Assets	5.0	8.0
Net Worth	2.5	4.0
Average Net Income (for two fiscal years)	.25 (\$250,000)	.4 (\$400,000)

Political Campaign Management Seminar

Knowledge of political campaign management techniques and campaign laws is crucial for electing candidates of your choice.

On September 10-12 the National Chamber will conduct a nonpartisan Political Campaign Management Seminar.* It is designed for business and professional persons who wish to be involved in campaigns for office at federal, state, or local levels—as candidates, campaign managers, finance chairmen, volunteers, or other campaign officials.

Here's Your Opportunity...

Meet with nationally known political consultants from CAMPAIGN ASSOCIATES, INC., to learn of successful campaign experiences.

The Setting...

Location is in the beautiful, convenient Airport Marina Hotel, Dallas-Fort Worth Regional Airport, Texas. Tuition: \$150.

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Public Affairs Department
Chamber of Commerce of the U.S.
Washington, D.C. 20062
202/659-6155

*Because the seminar is not partisan, but educational in nature, many corporations and organizations have sponsored the attendance of employees.

A Small Business May Be Larger *continued*

New Small Business Procurement Eligibility Standards

(Maximum Receipts, Averaged Over Three
Fiscal Years, in Millions of Dollars)

INDUSTRY	OLD	NEW
CONSTRUCTION		
General Construction	\$7.5	\$12.0
Special Trades (except Plumbing, Heating, Air Conditioning, Electrical and Structural Steel Erection)	1.0	*
Plumbing, Heating, and Air Conditioning	2.0	*
Electrical	2.0	*
Structural Steel Erection	2.0	*
Dredging	5.0	9.5
(*Being considered under a separate proposal.)		
SERVICES		
Services (not listed elsewhere)	1.0	2.0
Engineering Services (other than Marine Engineering)	5.0	7.5
Motion Picture Production or Motion Picture Services	5.0	8.0
Janitorial and Custodial Services	3.0	4.5
Base Maintenance	5.0	7.5
Marine Cargo Handling	5.0	7.5
Naval Architecture and Marine Engineering Services	6.0	9.0
Food Services	4.0	5.5
Laundry Services, including Linen Supply, Diaper Services, and Industrial Laundering	3.0	4.0
Cleaning and Dyeing, including Rug Cleaning	1.0	1.5
Computer Programming Services	3.0	4.0
Flight Training Services	5.0	7.0
Motor Car and/or Truck Rental and Leasing Services	5.0	7.0
Tire Recapping Service	3.0	4.0
Data Processing Services	3.0	4.0
Computer Maintenance Services	5.0	7.0
Services Requiring Use of Helicopter or Fixed-Wing Aircraft	3.0	3.5
Trucking (local and/or long-distance; Warehousing, Packing and Crating, or Freight Forwarding)	5.0	7.0

New Size Standards for Assistance From Small Business Investment or Development Companies

INDUSTRY	OLD	NEW
Assets	\$7.5	\$9.0
Net Worth	2.5	4.0
Average Net Income (for two fiscal years)	.25 (\$250,000)	.40 (\$400,000)

A Bicentennial Salute to American Business

GREAT MEN & GREAT MOMENTS OF AMERICAN BUSINESS

(Trumpet fanfare)

THE KING C. GILLETTE STORY

Throughout the ages, man shaved his whiskers to reflect the prevailing whim of fashion.



The razor, however, varied little from its ancient, knife-like form. It required a steady hand and constant sharpening.



For many men, the day began with a visit to the barbershop. A custom both time-consuming and expensive.



Then, in 1895, a travelling salesman named King C. Gillette had an inspiration—a double edged, disposable-blade safety razor! Simple and inexpensive enough for anyone to use.



Gillette's razor changed the face of the world.



His ingenuity founded an industry, and one of the world's foremost companies.

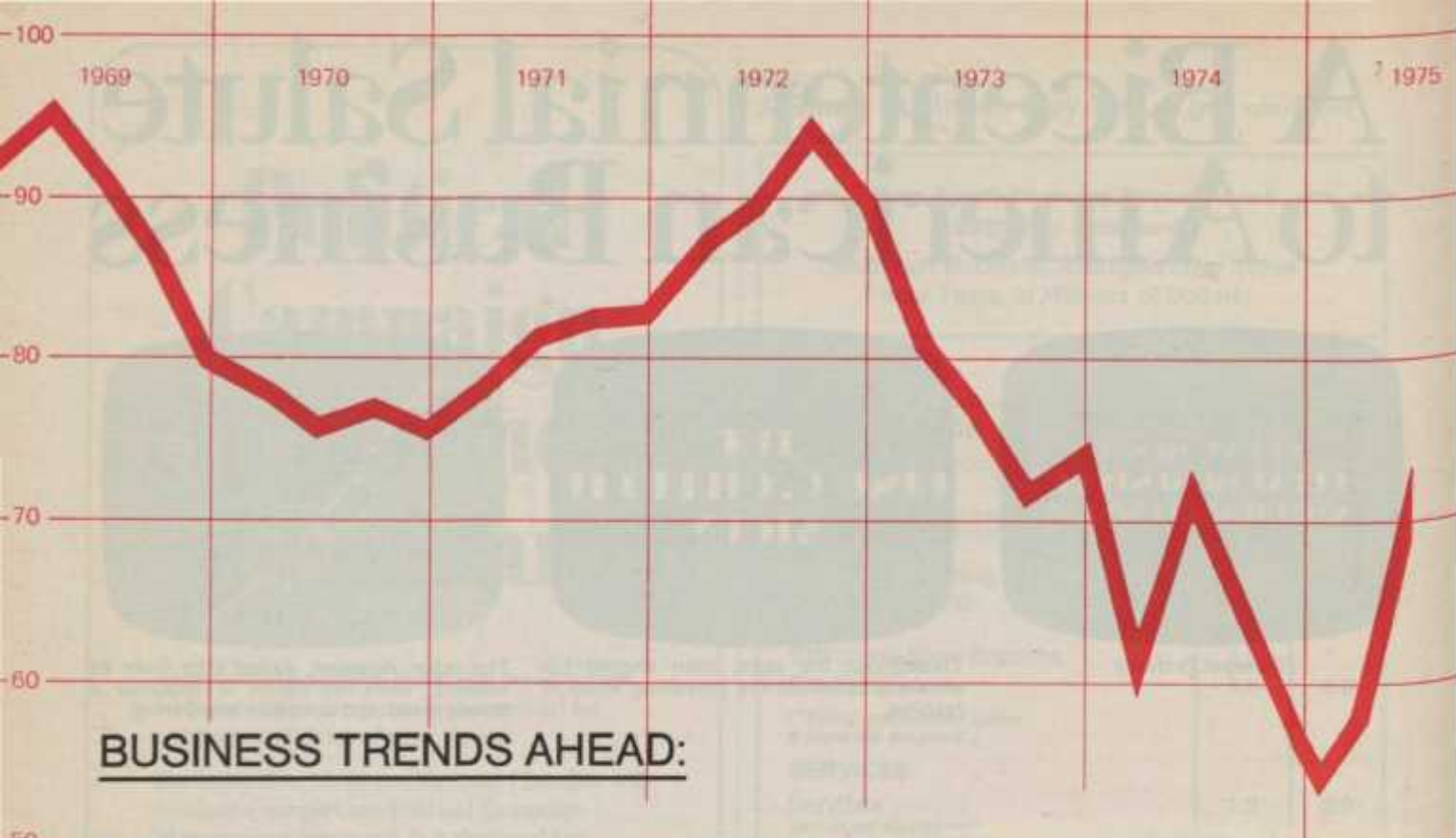


This has been a presentation of the Chamber of Commerce of the United States



in celebration of America's Bicentennial.

This is one of a series of educational public service messages being shown on television across the nation. They are based on articles which appeared in Nation's Business.



BUSINESS TRENDS AHEAD:

Why Consumer Attitudes Matter More Than Economics

Dr. George Katona, internationally recognized economist, tells what he has learned after a lifetime of surveying buying intentions

AERICAN CONSUMERS are smart and well-informed, but volatile. They sometimes swing rapidly from gloom to confidence, then back again.

Today, they are far more optimistic than they were seven months ago. That means they are also more willing to spend money. Business can count on them to help bring the recession to an end.

Continued inflation, however, will badly erode consumer confidence. As a result, by 1977, the nation could be heading into another slump.

That is how Dr. George Katona, internationally known expert on consumer psychology, sees the near future. He has been associated with the University of Michigan's Institute for Social Research from its founding in 1946. He began its quarterly surveys of consumer attitudes, re-

garded by many as one of the most reliable clues to U.S. consumer behavior.

Dr. Katona, however, is not infallible. His worst prediction, the Budapest-born social scientist says, came in 1923, during the rampant inflation that ravaged Germany. At the time, he was a 22-year-old Berlin bank employee, fresh out of the University of Göttingen with his Ph.D. in psychology. He wrote a widely quoted article which dismissed inflation as a form of hysteria, existing only in the minds of the people.

His error prompted him to study economics.

"The one and only absolutely correct prediction I have made was in 1933," he says. "That was when Adolf Hitler became chancellor of Germany. I predicted that the smart

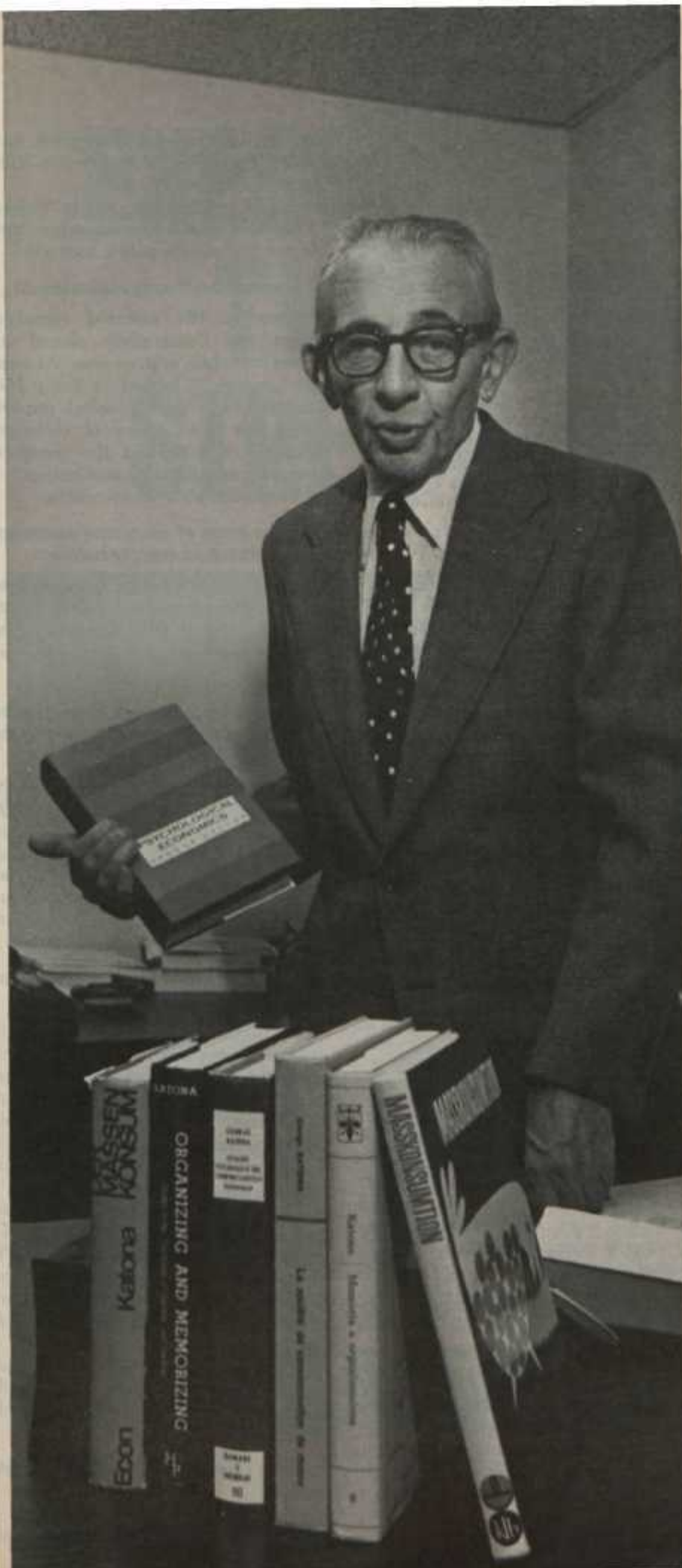
thing to do would be to get as far away from Hitler as possible, because Hitler wasn't going to go away soon, as many people believed."

That is when Dr. Katona came to New York. He spent a brief time on Wall Street, where he founded a lucrative advisory service for foreign investors.

He then turned to teaching, first at the New School for Social Research in New York, later at the University of Chicago.

In 1944, he moved to Washington to join a group of social scientists working at the Department of Agriculture. They were also charged with conducting surveys for several other federal agencies.

"We made one for the Federal Reserve Board," he says. "The board wanted to know what consumers



Dr. George Katona holds his latest book on the American consumer. The chart on the opposite page depicts swings in consumer confidence as shown by his institute's surveys.

would do, when the war ended, with all the money they had saved."

In 1946, the 20-man group, headed by Dr. Rensis Likert, left government service and established the Institute for Social Research at the University of Michigan. Among them was Dr. Katona.

In their first year, billings totaled \$60,000. Currently, the institute grosses around \$9 million. It does research for many corporate clients, including such business giants as General Motors and Ford Motor Co.

Officially, Dr. Katona retired three years ago from the institute and as professor of economics and psychology at Michigan. However, he still goes to the office daily to help his successors "in any way I can."

On the top floor of the six-story institute building on the Ann Arbor campus, Dr. Katona talked about that phenomenon, the consumer.

Dr. Katona, you have studied consumers for many years. What are they like? What would you say you have learned about consumers?

They are highly intelligent and well-informed. They are not organized, but their opinions and attitudes are very similar. The consumer gets economic news fast from newspapers and television. It is virtually the same news, in Los Angeles or in New York, since it comes from similar sources.

What are consumers' most basic beliefs?

We have found three that have persisted virtually without change for the past 30 years. People believe that inflation is bad, that recessions occur periodically, and that international tensions adversely affect the domestic economy.

Can you draw a profile of the American consumer?

It's very difficult, because the consumer is changeable and you must

Consumer Attitudes *continued*

continually study him in order to predict his behavior. He makes up his mind intelligently, but not necessarily in the same way that economic theory says a rational man should decide. But, of course, the economists' rational man is an abstraction. He doesn't exist in real life.

You just referred to the consumer as he. Isn't the consumer a lot of different people, some male, some female, some young, some old, some single, some married?

Sure. However, one main thing we have found after 30 years of research is how much they're alike. In December, 1974, for example, American consumers were dejected, pessimistic, anxious, mistrustful of everybody in government or business. That was true of all groups: prosperous or unemployed, young or old, city dwellers or farmers. Their reactions were fantastically uniform, although naturally there were individual differences.

Uniform throughout the country?

Yes. There were some regional differences, but they were minor.

Now, in marketing there are regional differences, but not in consumer attitudes.

Isn't there some difference between age groups?

Angus Campbell, now head of the institute, has studied that question. He finds that young people are somewhat more optimistic and have higher expectations than older people. Therefore, young people grow dissatisfied more quickly.

Blacks and whites?

Of the two, blacks are more pessimistic, but there are no major differences.

How about husbands and wives?

They usually have much the same opinions.

Has the consumer changed much during the 30 years you've been observing him?

Yes, because consumers are human beings, so they are capable of learning. Their experiences mold their opinions and attitudes.



Jay Schmiedeskamp is Dr. Katona's successor as director of surveys of consumer attitudes (see box, page 38).

How have their sentiments altered?

At the end of World War II, economic optimism rose and led to high aspirations. It started with the younger people. They were living better than their parents had lived. They believed they could expect constant improvement. This optimism grew through the 1950's and into the 1960's. It became the basis for our affluence. Optimism is self-fulfilling.

During the bad recession of 1958, we asked consumers if they thought the bad times would last. They said no, good times will come back. We asked: Why do you say so? They replied: Because the government will create good times.

There was great confidence in the government's ability to manage the economy and in one's power to improve his own economic status. That attitude flourished between 1954 and 1965. National optimism reached its peak in that era.

When did consumer confidence begin to drop?

It started slowly eroding in 1966. Then came worldwide inflation, the oil embargo, and Watergate. More and more, our surveys showed, people felt that government couldn't help and nothing could or would be done.

Last February, your consumer confidence index registered 58 on a scale of 100. Then, in May, it jumped to 73. Why the abrupt change?

It is an example of how volatile consumer attitudes can be. In December, the recession is in full swing, and government does nothing. In January, the President proposes a

tax cut and an energy program. Later, Saigon falls and the war in Vietnam ends for us.

In May, the tax rebate passes. Then there's another important new factor that affects public attitudes.

You mean the Mayaguez incident?

Exactly. We asserted ourselves when the Cambodians seized an American ship, and we won. At least that is how it looked to the public and it had a psychological impact. Then we heard news of recovery. Consumers were told the recession was over and inflation was beaten.

The index shot up 15 points.

Has the index of consumer sentiment ever reacted so sharply before?

It has climbed after other recessions, but not as fast as this year. Nor was the drop in consumer confidence as steep before as it was during this past recession.

Will the news that gasoline prices will rise this fall make the index drop?

I don't think so. I can't accurately predict what the index will do or what factors will affect it most. For example, I didn't predict the latest upswing. I couldn't believe that so many people would think the situation relating to inflation would change so radically.

What is the most important factor in shaping consumer sentiment?

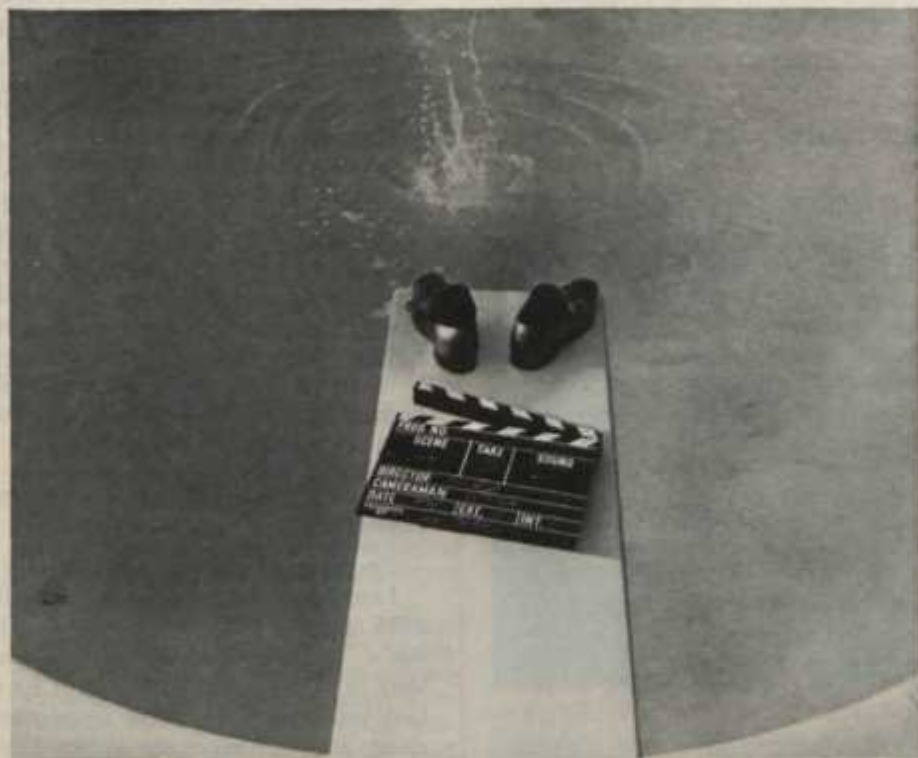
Word-of-mouth communication. All consumers get the same economic information from virtually the same news sources. Then they talk to neighbors, friends, and colleagues. The news carries impact only after it is evaluated and reinforced in this way.

This word-of-mouth communication is nothing new. It is called horizontal communication, because that's the way it travels through a group. It isn't the same as vertical communication that comes down from a leader.

Businessmen practice it all the time. They talk to each other and each man's views affect the views of the others.

So both good news and bad have an impact?

EXECUTIVE LEAPS! TV VIEWERS STREAM TO SITE.



"If you want your commercial to sell, you've got to go in with a big splash," says Richmond, Virginia, adman Gerry Boehling.

"So when my client, JoPa Pools, made the leap to TV, creating a memorable spot was our prime objective. Farrar Pace, president of JoPa, wanted to buck the seasonal

sales trend and extend his building and selling activity into the winter.

"I wrote, produced, and did the voice-over for a 30-second spot where a hand-held camera acted as the viewer's eye. It took him or her through a gate into a beautiful backyard, and ended with a dive in the pool. I don't know if it's the magic of

television with sight and sound or what, but that commercial brought in business from as far as 100 miles away. And we did better than we've ever done before.

"We shot in 16 mm film for two reasons. The portability. And the clarity. We knew we'd have a fair amount of takes to get the feeling we wanted. The film we used was Eastman film. My cinematographer has covered half the world, and that's the only film he uses.

"A lot of agencies have long philosophies on creativity. All I say is this: the purpose of business is profit. That's what our clients are in business for. That's why we create around the sell. If you're ever in Richmond, I'll be glad to elaborate. We're always looking for new business."



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Eastman Kodak Company, Dept. 640
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If you'd like to find out more about film commercials for television, send for more information, today.



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Why Consumer Attitudes Matter More Than Economics *continued*

Oh, yes. Whenever we take a quarterly survey, we always ask this question: Did you hear or read anything about the economy? In the winter of 1974, only 11 percent said they had heard good news. In May, 1975, the number making that reply had climbed to 33 percent.

Your latest book is titled *Psychological Economics*. What does that mean?

Psychological economics deals with people. Their attitudes, expectations, hopes, and fears are important in any forecast of economic trends. These attitudes are measurable.

In mathematical economics, there are entities called supply and demand which have numerical values. Mathematical economists let supply

and demand fight it out. The hopes and fears of people are ignored. I believe they should be considered, too.

The purpose of my book is to put people back into the center of economics.

Do other economists accept your theory?

Yes and no. It isn't fully accepted by the more traditional economists. The theory is more accepted by business than by government.

Big corporations pay a lot of money for our surveys of consumer sentiment. That must say something.

Early in 1974, I went to Washington and saw an old friend who is very important in government. I

warned him we were headed for recession. He said, "George, I have watched your predictions for years and you are usually right, but this time you have fallen on your face."

The essence of psychological economics is that people's expectations matter as much as their income and assets do.

What seems to worry the consumer most these days?

Unemployment. From March, 1973, to June, 1974, inflation was feared most, our surveys indicate. Since then, it has been unemployment. Last May, 64 percent of those we surveyed cited unemployment as the nation's major problem. That concern comes first even with the well-to-do who are employed.

What will the consumer of the future be like?

He's going to be involved and skeptical. He won't trust as much. He'll be informed. There will be changes in his expectations, as there have been in the recent past. He will want more time for leisure and recreation.

What he does with his time will become even more important to him than it is today.

What do you see ahead for the economy?

There are lots of danger signals.

I see a short recovery beginning in 1975, peaking in 1976. Some people see a V-shaped recovery; I see one that is U-shaped. So 1975 will be a bad year for profits and unemployment, although recovery will be clear by Christmas.

But I expect a recession in 1977 or 1978.

I'm very confident of this, because inflation is not beaten and the sensitivity to adverse news has been growing. There will be factors beyond our control that affect the cost of living—primarily price hikes by the oil cartel and continued increases in food prices.

This will be a very big shock to the American people.

Today, public sentiment can shift swiftly from exuberance to despair. When consumer confidence vanishes, so does a business boom. **END**

HOW INTERVIEWEES ARE CHOSEN

The current director of the surveys of consumer attitudes at the University of Michigan's Institute for Social Research is 42-year-old Jay Schmiedeskamp. He received undergraduate degrees from both Amherst College and Drake University. He earned his master's degree in economics in 1958 at the University of Michigan.

That same year, he joined the staff of the institute, working with Dr. George Katona. Dr. Katona retired in 1972, a year after turning the helm over to him.

Dr. Katona's successor is a friendly, outgoing scholar who tells visitors: "Call me Jay."

Under Mr. Schmiedeskamp's direction is a staff of about 500, of whom 230 are interviewers.

Consumers interviewed for the quarterly surveys are selected this way:

First, a specific urban, suburban or rural area is assigned to each one of the interviewers on Mr. Schmiedeskamp's staff. The interviewer then visits his area and makes a list of street addresses of all residences in it. He includes apartment buildings, but excludes hotels.

Back in Ann Arbor, Mich., the



institute picks at random a sample of addresses from the interviewer's list. The staff then sends a letter to each address selected. The letter advises residents that a representative of the institute will call on them for an interview.

When the interviewer arrives, he determines the number of adults in the household. Mathematical tables show him whom to interview, ensuring a representative mix of age and sex.

"The sample is completely representative of adults," Mr. Schmiedeskamp says.

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WHAT READERS WANT TO KNOW

Do congressmen clean up their words in the Congressional Record before it is published as an official transcript of House and Senate proceedings?

Members have great liberty to polish up their language, revise their remarks drastically, kill their comments altogether, and even leave the impression that they actually said things on the floor which they didn't say.

Many congressmen argue that this isn't as scandalous as it may sound. They point out that the king's English is sometimes butchered in the heat of debate. So, they say, it's proper to have his words come out the way the speaker intended.

When debate is limited, congressmen have the privilege of inserting remarks they would have made on the floor if time permitted.

But the freedom to kill remarks they actually made, well, that's harder to explain.

Reformers come along every year, determined to make the Congressional Record a word by word transcript of what is said. They get nowhere.

Have we always used the primary election system for picking presidential candidates?

No. Up until 150 years ago, the nominees were selected by influential members of their party in Congress.

The primary system is cumbersome, expensive, and lengthy, and it does not necessarily produce the best candidates. However, it is regarded by its supporters as the most democratic way of screening candidates seeking the highest office in the land.

Perhaps the most valid criticism of the system is that the choice of the nominee often is decided by popularity contests in a handful of small states which hold early primaries.

Did Gen. Douglas MacArthur ever carry the rank of general of the armies of the United States?

No, nor did Gen. Dwight D. Eisenhower, although he and other five-

star officers in World War II were called general of the army or fleet admiral.

Only one American officer was ever designated general of the armies of the United States. That was Gen. John J. Pershing, who led American troops to victory in Europe in World War I.

However, a resolution is pending in Congress which would accord similar honor to Gen. George Washington as the nation nears its 200th birthday.

Is there a federal agency specifically responsible for rescuing colleges and universities with serious financial troubles?

There is a bill in Congress to create one.

The bill's sponsors say federal aid is badly needed. They point out that 65 private colleges have merged or closed their doors in the last five years. Independent colleges still in existence have had to double their tuition in the last ten years, they add.

Under the pending bill, schools in financial straits would be eligible for low-cost federal loans. To obtain a loan, however, a school would have to promise not to increase tuition or other costs of instruction during the year in which the loan is made.

Is there an age limit for congressmen?


No, and there may never be one. It would take a two-thirds vote of both houses of Congress to impose an age limit on members.

Looking at the number of elderly members of Congress who have already announced plans to seek reelection, it is clear that nothing is further from their mind than mandatory retirement. Five senators in their 70's and one who is 81 are running for reelection. Two former senators, one 68 and the other 71, are trying a comeback. In the House, 48 congressmen 68 years old or older are asking the voters for another two-year term.

Twenty are 70 or over. Three are in their 80's.



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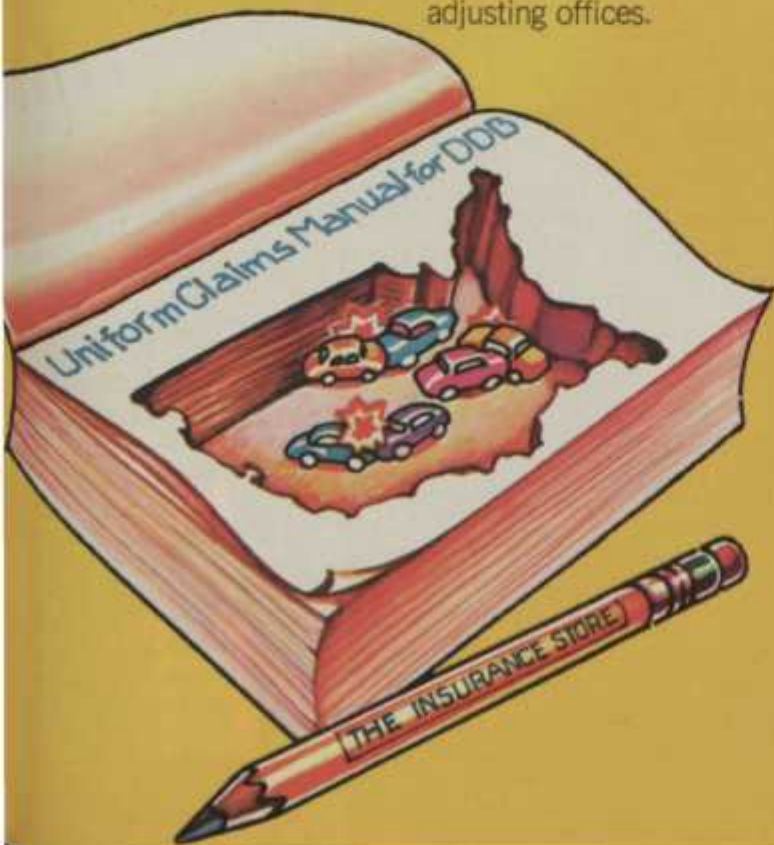
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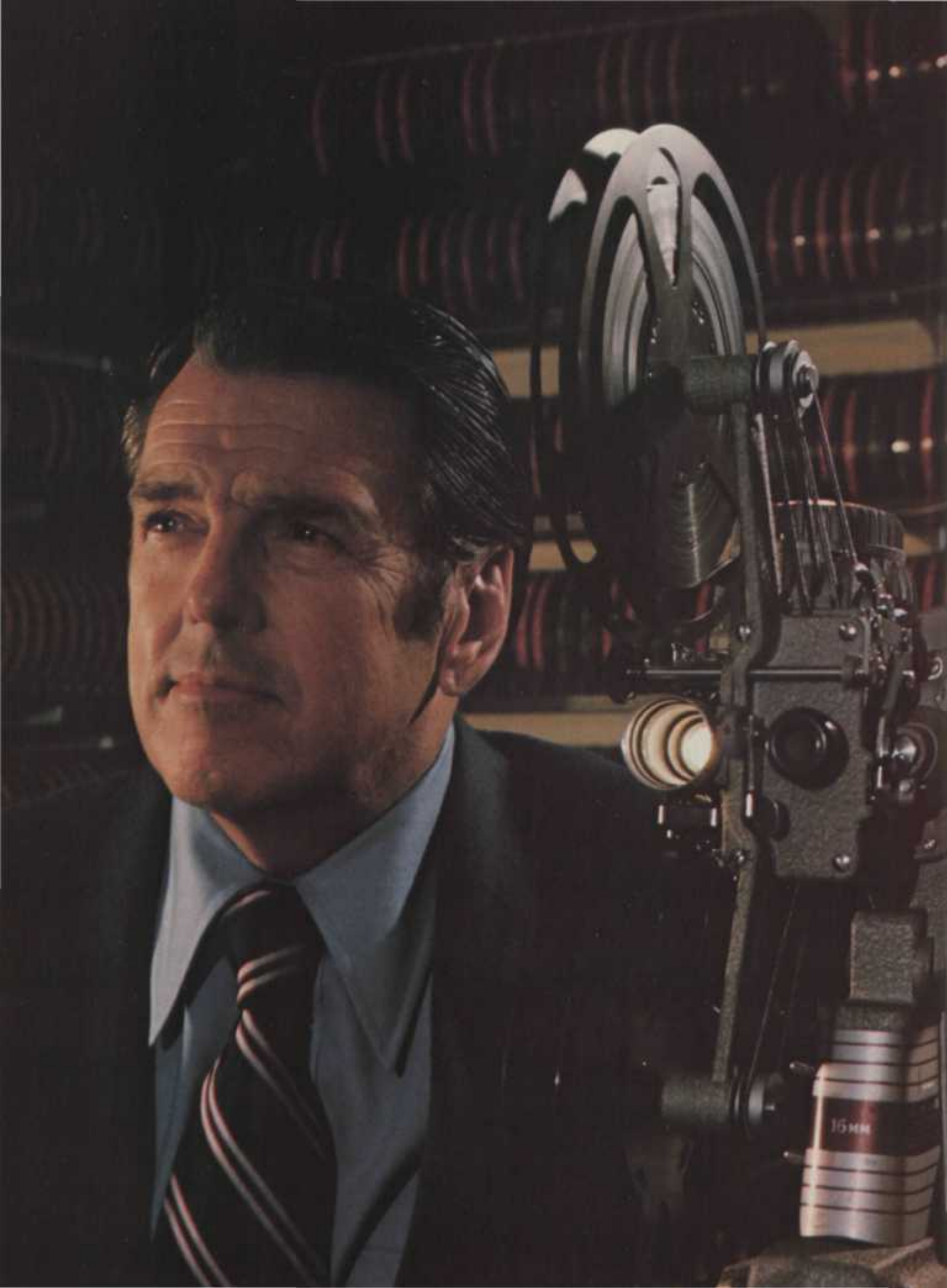
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The Attitude of a Winner

Coach George Allen uses good management principles to run the Washington Redskins, but creating the determination to achieve is what he does best

EVER THINK you'd like to coach a football team?

It isn't a great deal different than running a business. In fact, it is a business.

That's the view of Coach George Allen, of the Washington Redskins.

Coach Allen has a magnificent career record in pro football coaching—89 season-game victories, 32 defeats, and five ties. That's the best record in the National Football Conference of the National Football League. It is second only to the record of Coach Don Shula, of the Miami Dolphins, in the American Football Conference.

The mark of a leader is stamped on George Allen, not only by his win-loss record, but also by the selection of six of his former assistants in recent years to be head coaches of other professional teams—Jack Pardee of the Chicago Bears, Mike McCormack of the Philadelphia Eagles, Ted Marchibroda of the Baltimore Colts, Charlie Winner of the New York Jets, Marion Campbell of the Atlanta Falcons, and Marv Levy of the Montreal Alouettes.

A coach with firsthand experience as a player, George Allen won eight varsity letters in high school football, basketball, and track. During a col-

lege education that was interrupted by World War II service, he played end at Marquette University and Alma College. He took his B.A. and master's degrees at the University of Michigan and coached at several small colleges. He has written six books.

He came to Washington in 1971 after great success as defensive coach of the Bears and head coach of the Los Angeles Rams.

Mr. Allen, 53, who was born in Detroit, is married to the former Etty Lumbroso. They have three sons and a daughter, and they live in Great Falls, Va., in the Washington suburbs.

Here, in an interview with a NATION'S BUSINESS editor at Redskin Park, a training complex 20 miles from Robert F. Kennedy Memorial Stadium, where his team plays to sellout audiences, Mr. Allen answers many of those questions passing through many a businessman's mind on autumn afternoons. Questions about just what it would be like to coach a pro team.

Is there any difference in being the leader of temperamental, highly paid athletes and being the leader of office and staff people?

That's a difficult question—how do you lead, how do you build morale? Actually, I don't really have a different plan for leading athletes than for leading people who work for the Redskins in various other occupations. I try to consider everyone as much as my schedule will let me. I try to be positive, to encourage everyone, and to make them realize all of the good things we have going for us.

I also try to show patience with everyone, especially in coaching out on the practice field.

One thing a leader must do is take time with people—show an interest.

You feel, then, that leadership is leadership, no matter who is led?

Yes. There are different circumstances, of course. With players, when a game is going on, there's excitement, shouting, fast action. Quick decisions must be made and quick communication is needed.

With administrative people, you rarely have such a situation.

Still, I think a good leader in any walk of life can lead any type of group because the qualities required for leadership don't change that much.

One way your job differs from many

other executives' is that everyone knows your business—or thinks he does. Are you bothered by the fact that the sports pages tell what the coach did or didn't do every day? Or that you're working in front of 54,000 people in RFK Stadium?

Hold it a bit there. You said in front of 54,000. Actually, it's often 40 million or 50 million—on television.

"The worst thing you can do is ask somebody to perform in a job before he is ready."

But, no matter how many, a coach isn't thinking of the fans, the cameras, and all that. He's involved in the ball game.

As for the sports pages, to lead a team, you must face the fact that some writers emphasize negative things. They enjoy being critical. That's part of the job and you must live with it. You just have to do what you think is best for the organization. You have to make the correct decisions even if they will be unpopular and you will be accused of being cold-blooded.

What about the payroll? Do you use the same type of thinking in deciding what a good running back should be paid and what a good administrative assistant should get?

The running back is going to get more money, that's certain. That may not be fair, necessarily, but it's a fact.

Salaries in professional sports right now are astronomical. We have had a situation where one of our players was paid at a rate of about \$90,000 for each hour he was in a ball game over a four-year period. I don't mean his salary called for that. But that's what he got.

Actually, professional football is now so complicated that good administrative assistants and good office people are more valuable than you can imagine.

It seems that every time we turn

around there's some kind of new legal problem. Every player has an agent. We recently liked the looks of a player who showed up uninvited at a tryout camp. We offered him a contract.

You know what he said? "I'll have to show that to my agent."

This is the age of attorneys. Every time you make a decision, you have to check it with an attorney.

Redskins President Edward Bennett Williams once said he gave you an unlimited budget to run the team, and you exceeded the budget. Is this true?

That was a joke that came out when I first joined the Redskins, because I insisted upon building our training complex, Redskin Park, that first year.

I'll answer this way: Many times, we have made decisions that saved dollars, when, had we spent those dollars, they would have helped us win.

But look at Redskin Park. We built it in 1971, and it cost approximately \$500,000—two practice fields, camera tower, dressing rooms, rub-down and weight room, offices, projection rooms, and basketball and handball courts.

This is a big investment, and it has paid dividends in winning for us. Our team has a home now. We're out of downtown Washington where you have parking problems, crowds. We don't practice on some high school field. The park has pulled the team together. It is one of the best investments the Redskins ever made.

We were ten years ahead of our time. People from the Chicago Bears, the New York Jets, the Los Angeles Rams, the Baltimore Colts, and the new franchises going in at Tampa and Seattle have looked at Redskin Park.

Still, I don't mean to imply that I don't try to save what I can. I do. We have saved in many ways.

But you wouldn't say you are frugal?

Not until I think money is wasted. I came up the hard way, like a lot of businessmen did. On my first coaching job, at Morningside College in Sioux City, Iowa, I was paid \$3,900 a year. I coached football and track and taught a full academic schedule. At Whittier College in California, I got my salary to \$5,000 a year, and I still had a full academic load and two sports to coach.

I've had all types of jobs—including busboy, gardener, and messenger boy for the Chrysler Corp. in Detroit. I appreciate people who have come up the hard way and have done menial work. Even though the report is out that I spend money profligately, it is not true.

Every businessman knows you have to spend and invest in order to make money.

Running a football team would be like learning Greek to many business people. Can we have a look at some of the dollars and cents figures?

Sure. Start with air travel. The National Football League is a prod-

"All the leadership can't come from the coaching staff."

uct of the jet age. NFL schedules could not be met without jet charter flights. Team charters alone cost us more than \$120,000 a year. General air travel—for scouting, clinics, meetings, and so forth—costs us upward of \$250,000.

What about training camp?

Not counting salaries and travel, costs at our camp at Dickinson College in Carlisle, Pa., run about \$2,500 a day. We figure food at about \$13.50 per man, per day. Keep in mind that football players are big fellows who

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The Attitude of a Winner

continued

like big, expensive steaks. Camp lasts seven weeks.

Our expenses here at Redskin Park for upkeep and various rentals are about \$80,000 a year. That does not cover salaries for anyone.

We hear and read a lot these days about terrific bonuses players get. Do you pay them?

No. My approach is not to pay people until they prove they can do the job. So we trade away draft picks for established football players. Since we have few drafted players, we rarely pay a bonus.

In 1972, the Redskins spent only \$34,000 on bonuses. In 1973, we spent \$17,000 and in 1974, \$22,000. So, for three years we paid out \$73,000. Some teams give one player four times that just to sign, and they don't know if he will be good enough to play.

We figure that in three years, as compared with the league average, we have saved about \$600,000 in bonus money.

I think that to pay some untried player several hundred thousand dollars is ridiculous.

On the other hand, without the bonus problem that besets other teams, we can pay our established, reliable players very, very well. Player salaries equal about 40 percent of the Redskins' total income, and that's the largest single item in our budget.

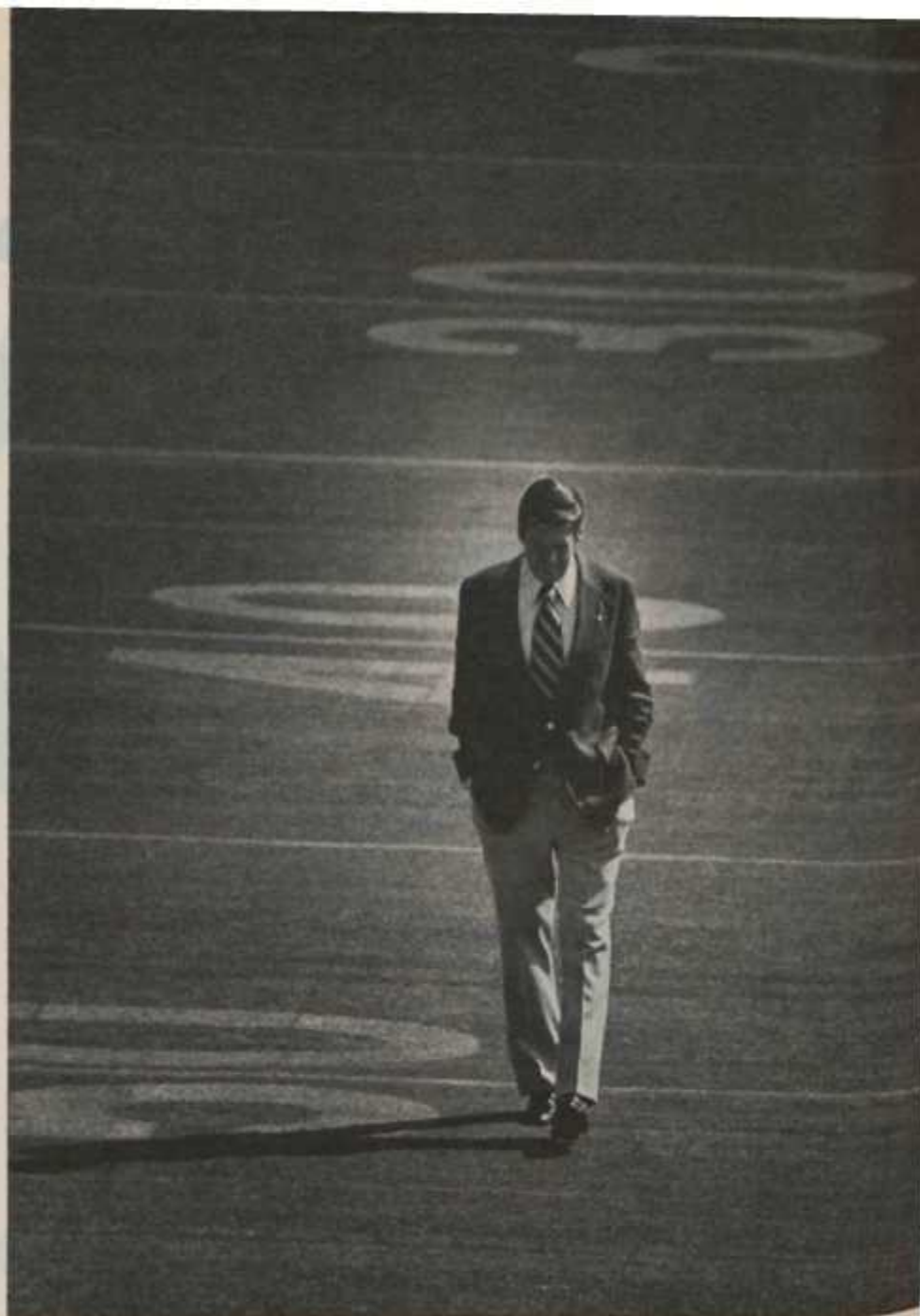
What do stadium costs run?

On game day, we have 1,800 people working for us—ushers, ticket takers, food service people, program sellers, and an 18-man special police force. A lot of these work on commissions, so it's hard to tell what they cost. The police force costs us \$3,000 a game.

And what about other costs?

Take publications. Our printing bill runs into six figures per year for the press guide, game programs, yearbook, press box flip cards, stationery.

The only money producers out of that lot are the game programs. They have netted the Redskins \$280,000 in four years.



How big are medical and legal expenses?

They are a big factor in teams having to increase ticket charges. We will spend more than \$150,000 this year on medical and legal costs.

Here are a few more items that cost a lot:

At Redskin Park, our lawnmower cost \$3,000, our utility bill runs \$15,000, our camera tower cost \$1,600, and the Astro-Turf for one of our two fields cost a thumping \$175,000.

Recently, a college that I know of put in Astro-Turf and it cost three times what ours cost. That's inflation for you.

Any other big outflows of cash?

Yes. For scouting, films, team equipment, and half-time shows—all basic necessities in the football business. They cost us \$360,000 a year.

So, you see, football is big business.

What about coaches' salaries?

The average salary is \$26,000, and I have seven full-time assistants. Then we have scouts—some part-timers, some full-timers. Each coach and scout has his own movie projector, and our quarterbacks and the defensive captain have their own projectors at their homes. That is because



"When you get up in the morning knowing you are going to enjoy the day, then that's not work. No matter what the job, an ingredient of success is enthusiasm. Enthusiasm keeps you going."

game and practice films are vital.

Organization is important to football, just as it is to business. We're so organized, we even have horse-shoe pits where players and coaches can relax and pitch shoes for a while.

Coming up with enough money to meet all these bills must be a taxing business, especially with a stadium that seats only 54,000.

Yes. In my opinion, the ideal size for a professional stadium is 80,000. We have a waiting list of 10,000 people now for season tickets.

Our payroll runs around \$3 million a year, and with a small stadium we have to keep on raising ticket prices. We're trying to squeeze in 6,600 more seats; they would help pay for a lot of items. But, so far, we haven't gotten them okayed by the Interior Department, which controls the stadium.

The Redskins have to pay for all improvements at the stadium—this year, we even paid for improved lighting. We get nothing from park-

ing and concessions. Our lease, which was signed in 1959, is a poor one, in my opinion.

How about income from TV?

Each team in the league shares in the national television revenues from regular season games, and that varies from time to time. The new NFL no-blackout rule on local television, if the game is a sellout, makes income from TV hard to predict.

For preseason games, each team makes its own deal. During the last three preseasons, the Redskins have gotten \$470,000.

What do the Redskins' total revenues come to?

About \$7.5 million. Roughly 60 percent of that comes from ticket sales, approximately 30 percent comes from television, and the rest from other sources.

Do the Redskins turn a profit?

The only recent year we were in the red was last year, when profit in

the league was down 45 percent from 1973—eight teams lost money and three others made less than \$100,000. Among problems for us, the players' strike cost us heavily. Our exhibition games were badly hurt.

But I think we can look forward to a profit again this year.

Many business people wonder if professional football players are really devoted to their teams. Is all the rah-rah just sports page coloration?

Some players have more team spirit than others, of course. That is true for any business. In 1971 and 1972, we had tremendous spirit on the Redskins. That was when everyone called us the Over-the-Hill Gang. We had something going for us that I have never seen, even on college championship teams. We had success, too. We got into the play-offs and went to the Super Bowl.

Now, as any businessman knows, it is difficult to keep rapport such as that year after year.

Let me add that the Redskins have done something good for the nation's capital area. We've united Republicans and Democrats, blacks and whites, rich and poor. Mayor Walter Washington has told me many times what the Redskins have meant to unity in the city.

What percentage of pro football is sports and what is show business?

It's really a form of show business, of course. The entertainment is in the winning. There isn't much entertainment when you lose. That's how I look at it.

How do you select team leaders—quarterbacks and defensive captains?

Since I've been in Washington, we have had some players who could not be successful on other teams but have been successful here because we play as a team. We've had good player leadership—which you must have. But it must improve this year. All the leadership can't come from the coaching staff.

I select a quarterback because he is a leader and because he can perform—throw the ball, pick the right plays, rally the players.

Our offensive leader has been Billy

The Attitude of a Winner *continued*

Kilmer, who has done an outstanding job for us.

We call our defensive captain "the general." Ours has been Chris Hamburger, who is an all-professional linebacker. He's a good one. I pick our general on his ability to get the team into the right defensive formation at the right time and on his leadership qualities.

We brought Chris along slowly and let him be apprentice for one year to Jack Pardee.

The worst thing you can do is ask somebody to perform in a job before he is ready.

Coaching is a year-round thing, isn't it?

It sure is. There is no such thing as the off-season. We have a sign in our weight room which says: "What you do in the off-season determines what you do during the season."

You've coached at Chicago, Los Angeles, and Washington. Any difference in coaching in the three cities?

Not particularly. Coaching is pretty much the same all over. The Washington fans have been the most appreciative. That may be because we've been winning in recent years. They were so starved after many years of losing.

You're known as a great drinker of milk. Do you have anything against a couple of relaxers of an evening?

Nothing at all. I think they are good if not taken in excess. My favorite drink, besides milk, is blackberry brandy. It relaxes the stomach and leaves no headache. As for milk, I had ulcers in the past, and milk helps. I drink a quart of skim milk a day.

How do you relax?

I work out an hour every day. I run on the track, get a rubdown, do a little karate, exercise with some weights, maybe play a little basketball, take a sauna. Of course, I'm in a good position here for all of this. The equipment is right at hand. I also like to swim and play tennis.

What sort of family life does a pro football coach have?

Speaking for myself, I have a great

one. I have three boys and a girl and a fine wife.

We are very close.

In evenings, some of us practice karate. We go skiing together at Massanutten Mountain in Virginia, where we have some property. It's only a couple of hours' drive from Washington.

I find golf too time-consuming.

How old are your children?

My oldest, George, is 23. He's at the University of Virginia Law School. Greg, who is 21, is at the University of Delaware. Bruce is 18 and at the University of Richmond. Jennifer is 14 and will be entering high school.

Do the boys play football?

Yes, George was quarterback when he was an undergraduate at Virginia. He got two letters, he was senior class president, and he was on the dean's list every semester.

The two younger boys are playing college football as well as soccer, rugby, and basketball. On top of that, they surf.

Some wives do not approve of their

husbands' work. What about yours?

I am fortunate to have a wife who shows good common sense when I bring home problems. She helps me put things in proper perspective. She understands the pressures of my profession.

Have you accomplished what you wanted to accomplish in life?

Ever since I can remember, I wanted to be a football coach. Football was always my favorite sport. I don't consider coaching work. When you get up in the morning knowing you are going to enjoy the day, then that's not work.

No matter what the job, an ingredient of success is enthusiasm. Enthusiasm keeps you going.

But have I accomplished what I wanted to accomplish?

Many things yes. But there are still two things.

I want to coach a college team and a professional team at the same time. And most important, I want to win the Super Bowl. **END**

REPRINTS of this article are available from *Nation's Business*. See page 15 for details.

"Take time with people—show an interest."



There are three sides to every question: the pro side, the con side and the inside.



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Ways to Improve Employee Communications

By FRED T. ALLEN

This program boosted productivity at Pitney-Bowes, reduced absenteeism, and cut the turnover rate in all departments and in the field



Bulletin boards are not enough

DRAWING: CHARLES A. BURN

TO MANY CORPORATIONS, employee communications means using bulletin boards and house publications to tell employees about management's latest policies.

In other companies, the phrase employee communications is broadened to employee-management communications. This is because there is no true communication unless a genuine dialogue is developed between employees and management.

Our company has been credited with pioneering in what, for those days, were considerable departures from traditional concepts of employee-management communications. Some of our practices have since been adopted by other companies. We believe our own experience over the years has proved the effectiveness of the total communications programs we established in the 1940's.

Improving productivity

Today, when increased productivity is a national industry watchword, it is appropriate to share with you communications experiences that have indeed helped improve our productivity.

A basic tenet of our company philosophy is simply stated: When an individual or institution invests in our stock, he deserves a regular and complete accounting; the employee who invests his working life in our company deserves no less and conceivably more.

The primary elements of our program are the council of personnel relations and the annual jobholders report and jobholders meetings.

Our company more than 30 years ago established what is now the personnel council.

This is a monthly forum where representatives of management and employees sit down to discuss mutual problems and opportunities. This is done on the sectional, departmental, and divisional level, with the main council serving as our top tribunal.

It is truly two-way communications. Employees voice their complaints and suggestions to their elected council representatives, who bring them to management's attention at the regular meetings. Management, at the same time, communicates its policies and ideas to employees.

Some discussions bear on company-wide matters of significance.

Others cover irritations that, if allowed to fester, could cause unpleasant consequences.

Typical topics

These are some typical subjects brought up at recent council meetings:

- What happens to employees transferred or promoted to new jobs who are unable to perform adequately there?

Reply: Every effort will be made to place employees in other jobs, even though it takes time for such jobs to become available.

- Would it be possible to have some pictures placed on the back wall of the newly painted cafeteria?

Reply: Plans are being developed to decorate this large wall space.

- Why can't management offer three-week vacations after five years instead of eight years?

Reply: Our employee benefits package includes many elements. Among them are comprehensive group major medical insurance, personal insurance, a retirement program, and an incentive suggestion system. We try to balance these with our vacation policy, taking into consideration similar practices in our industry and community.

- How about light-duty overtime for employees recovering from illness?

Reply: The company physician advises that each case will be considered individually. Some persons are

advised not to work in excess of 40 hours per week, so the physician's decision must be final.

- An administrative employee asks why we are not getting satisfactory results from an auto insurance carrier.

Reply: The matter will go to the main council.

- An employee representative asks if it is compulsory to work overtime on Saturday and, if an employee does not, is it considered a day of absenteeism?

Reply: Unless otherwise stipulated at time of employment, Saturday work is not compulsory. However, during peak periods and when other employees willingly work overtime on Saturdays, continued refusal to do so would reflect unfavorably on the employee.

Resolving problems

In a company with more than 12,000 domestic employees, the council must operate on several levels. In fact, we have some 90 such units on the sectional, departmental, or intermediate levels.

If a problem cannot be resolved at a sectional council meeting, it is referred up the ladder. Finally, at the main council, top management must either take positive action on a matter or explain candidly why it cannot.

Minutes of all council meetings, at all levels, are posted on company bulletin boards. This is so employees can follow precisely what steps are being taken on their behalf.

We also encourage employees to take part in a question-and-answer program. They can comment or submit questions, anonymously if they wish, about company policy or practices. Their questions, along with replies from the responsible manager, are also regularly posted on our bulletin boards.

If he prefers, however, an employee may have the answer directed to him personally.



It is truly two-way



Jobholder and stockholder both kept informed

Our jobholders reports and jobholders meetings are the equivalent for employees of the annual investors report and the shareholders meeting. In addition, our employees also receive copies of the company's annual report.

Our 20-page jobholders report this year described the company's progress during 1974, cited employees for particular achievements, covered new or expanded employee benefits, discussed the personnel council, showed how average pay had exceeded rising costs, explained new sales approaches and challenges, reviewed new financial efficiencies, and reported on our foreign operations.

Soon after the jobholders report is published, a series of jobholders meetings begin.

These sessions may run as long as three hours. They are attended on company time by about 250 employees. They are held on a divisional level. Often, in bigger divisions, more than one meeting must be scheduled to accommodate all employees.

The sessions are led by representatives of management. These are the group vice president, employee relations vice president, treasurer, controller, and other officers, often including the chief executive officer.

After a brief report on the company's financial health, employee wages and benefits, profit sharing, new facilities, and other topics of interest, a question-and-answer period follows.

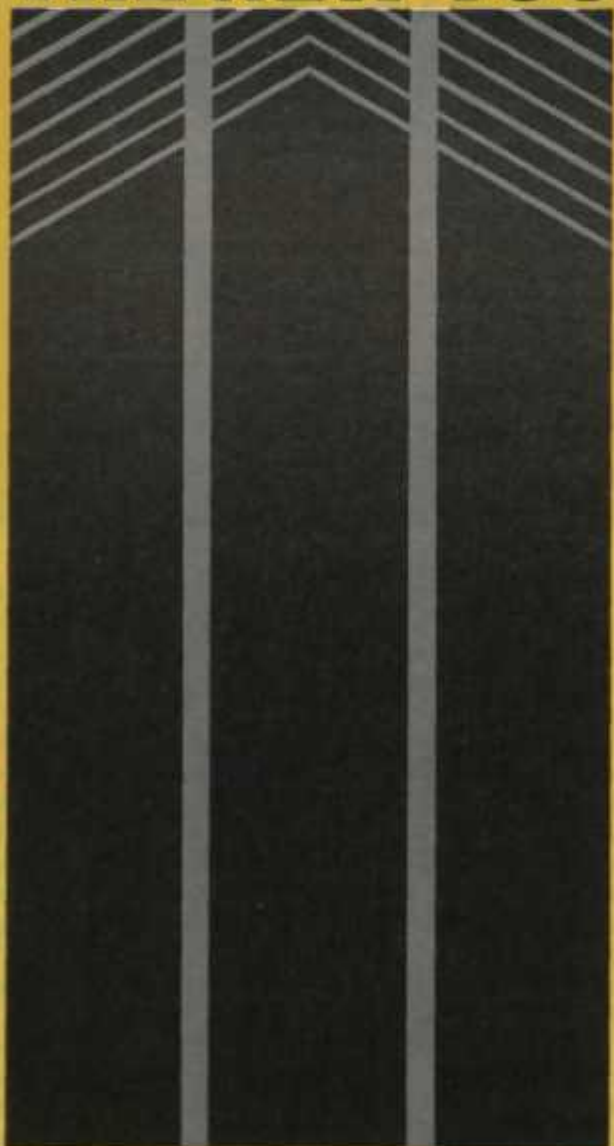
The only questions barred are those that relate to personalities. All other topics are fair game and are answered spontaneously and as fully as possible.

What employees ask

Written questions submitted in advance are preferred, but those from the floor are equally welcome.

Here are some representative questions posed by employees during jobholders meetings this year:

THE NEW YOU



Investigate the seminars, workshops, and certification programs sponsored by your trade or professional association.

They're designed to make you even smarter, sharper, and more confident than you are today.

One way to begin your self-improvement process is to find out about the Institutes for Organization Management. Write Institute Manager, Richard L. Bally, Chamber of Commerce of the United States, 1615 H Street, N.W., Washington, D.C. 20062.

Pointers for Progress Through
Trade and Professional Associations

Improving Employee Communications

continued

• How does top management justify its present high incomes?

Reply: Salaries and incentive bonuses are no higher than in comparable companies in the industry and the community.

• Is there a plan to lay off employees in the face of a worsening recession?

Reply: The company does not anticipate any layoffs in the foreseeable future.

• Why aren't mail girls allowed to wear blue jeans when they distribute mail in the dirty shop area?

Reply: Because smocks are provided to protect dresses or slacks from contact with machinery. And since our mail girls circulate throughout the building, they should be neatly dressed to make a favorable impression on visitors.

• If the company's retirement fund is invested in stocks, wouldn't Treasury bills or other safer, high-yield vehicles be more productive?

Reply: Yes, in recent years bonds would have been a better investment, but selling the fund's common stocks now would result in a substantial loss. Moreover, such investments are handled by professional financial consultants whom we retain for their advice. On the whole, their advice has been sound, we believe.

About 18 jobholders meetings are held each year in our headquarters areas. Then the management team spends part of the next two months holding 100 similar meetings in branches and subsidiaries throughout the country.

Measuring results

What have been the measurable results of our jobholders meetings? Taken alone, they probably exert little measurable impact. They must be considered in the context of our entire employee communications program.

However, some measurement indices may be cited. Increased productivity is one. In 1974, as measured by revenues per employee, productivity increased 17.3 percent over the previous year.

Also, our average absenteeism rate is three to four percent, while the turnover rate in all departments and in the field averages only 12 percent.

Both figures are low for our industry.

While these results cannot be attributed solely to our communications program, it clearly deserves some of the credit.

Occasionally we are asked: "If your communications program is so effective, why haven't other companies copied it?"

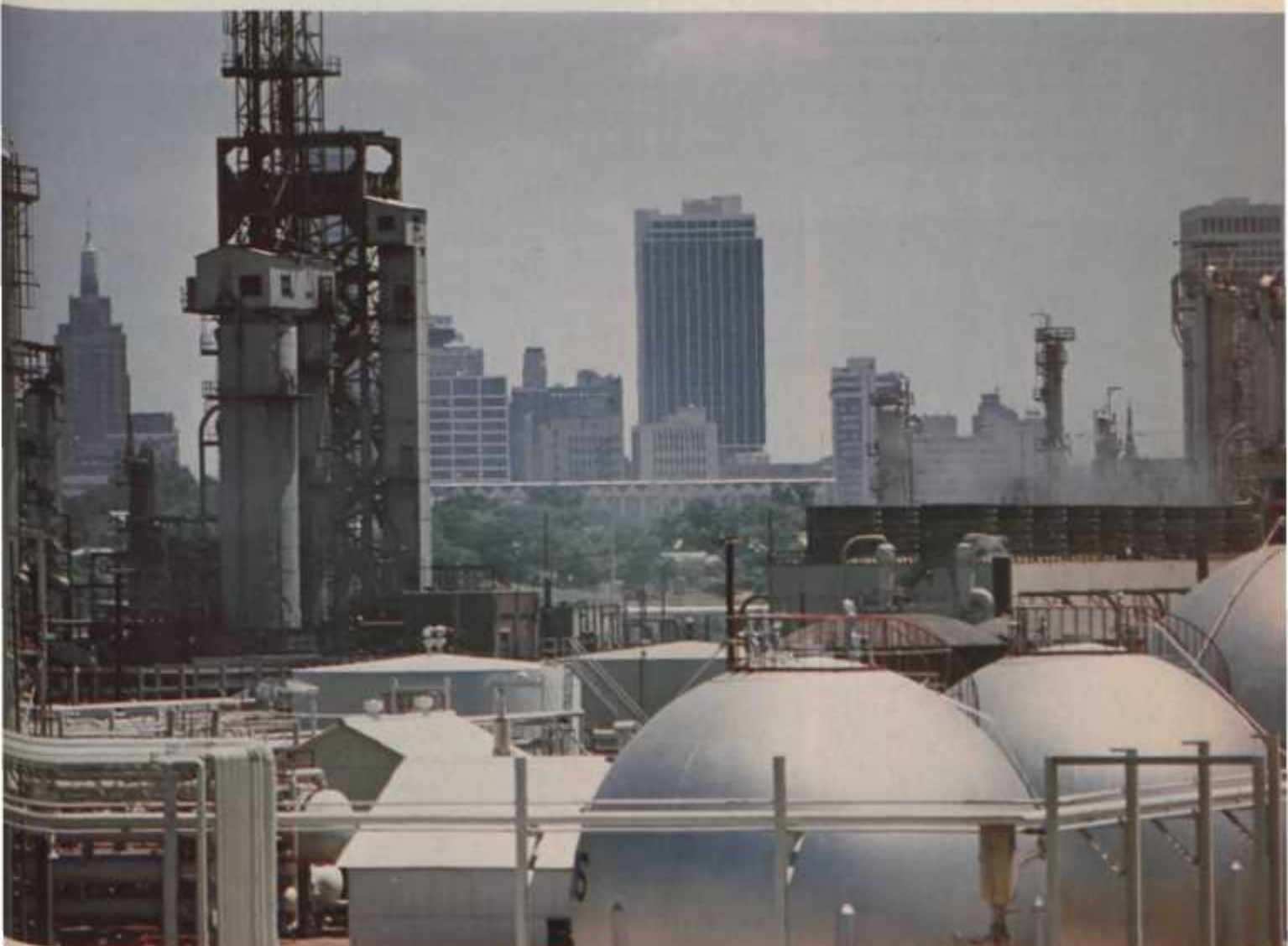
The answer may be simple. The program takes a lot of executive time that other managements may feel could be better employed elsewhere.

It does take time and lots of it. We are convinced that it is worth the time it takes. END

THE AUTHOR of this article is chairman of the board and president of Pitney-Bowes, Inc., Stamford, Conn. Reprints of the article are available from Nation's Business. See page 15 for details.

A BICENTENNIAL SALUTE
TO AMERICAN CITIES:

TULSA



A City in Control of Its Future

TULSA, once aptly called the oil capital of the world, probably would be a sleepy cow town today, except for its early-day entrepreneurs.

Three of them built a toll bridge across the nearby Arkansas River. That made it easy to get to Tulsa from the newly discovered oil fields on the far side of the river.

Other local go-getters opened clean, comfortable hotels in Tulsa. The hotels offered lodgings far more attractive than the bedbug-ridden rooming houses found in neighboring boom towns.

Jenkin Lloyd Jones, editor of The Tulsa Tribune, gives this explanation of why the city became the hub of the booming new petroleum indus-

TULSA:
A City of Entrepreneurs
—Then and Now *continued*

Early Tulsans included visionary city-builders. Among their modern counterparts are Joseph H. Williams (left) and John H. Williams, who are president and chairman respectively of The Williams Companies. Behind them rises the 50-story Bank of Oklahoma building, first structure in Williams Center, a \$200 million complex their firm is developing.



The futuristic Prayer Tower on the campus of Oral Roberts University is visual proof of how Tulsans make things happen. A major university stands today on what was raw land only ten years ago.

Tulsa believes in the good life, and its citizens have time and again voted for bond issues to provide cultural and other improvements. There is a long tradition of philanthropy by Tulsans such as Thomas Gilcrease, who gave the city the world's largest collection of western art by Frederic Remington. Remington's and other works are now housed in the Thomas Gilcrease Institute of American History and Art.





Mayor Robert J. LaFortune, a Republican and an oilman, says Tulsa's best new success story is its voluntary school desegregation program, but credits the opening of the Tulsa Port of Catoosa with being vital to the revitalization of the city's economic outlook and its confidence in the future.

PHOTOGRAPHS BY MARC ST. GIL—BLACK STAR



Despite estimates that the port would require ten years of subsidy, it was profitable in four years, say port authority Chairman Joseph L. Parker (left) and Director Harley W. Ladd. The port is giving Tulsa development a boost. Editor Jenkin Lloyd Jones (photo at right) notes some early-day spurs to development: bedbugless hotels and a toll bridge that didn't fall as predicted.

try: "Because, when they left Tulsa, they weren't scratching."

They, in this case, means wheeling and dealing oil prospectors. These were wildcatters from New York, Ohio, and Pennsylvania who came swarming into Oklahoma in 1897, when the first gusher blew in at Bartlesville, 60 miles from Tulsa.

Why Tulsa succeeded

Any one of a number of other boom towns in the area could have become the new oil capital of the nation. They were sitting on rich pools of black gold. But plain, old-fashioned, hustling Tulsa businessmen turned their town into the bedroom for the wildcatters and headquarters for the industry.

"Tulsa was and still is the land of the entrepreneur," says Fred A. Setser, senior vice president of the Fourth National Bank and chairman of the Tulsa Economic Development Commission.

It is a city, population 350,000, that cannot be neatly categorized as southwestern, southern, or midwestern. Nestled in the Osage Hills, at an altitude of 700 feet, it is a synthesis of all three, with a dash of the east thrown in and a pinch of American Indian.

Unlike some cities, Tulsa isn't preoccupied with the past, says Eugene Swearingen, chairman of the Bank of Oklahoma and president of the Metropolitan Tulsa Chamber of Commerce. "When you have a long

TULSA: City Willing to Change *continued*

history, people tend to look back. They don't here. That's one reason for the city's vitality, its willingness to change."

How it began

The city began when the Lochapoka band of Creek Indians arrived in 1836. Removed from their ancestral lands in Alabama by the federal government, the Creeks were forced to settle in the new Indian Territory. The Lochapokas, led by Chief Archee Yahola, built a council fire under a gnarled oak on a bluff overlooking the Arkansas River. Here they deposited a bag of ashes brought from their former "tulsey," a word meaning town in their language.

The oak tree still stands, but now in the shadow of a modernistic circular apartment house near downtown Tulsa and closely encircled by town houses.

Tulsey, later called Tulsa, became the main town of the Creek nation. A trading post was established there in 1848. In 1882, the Frisco Railroad reached the town, and Tulsa became

a shipping point for cattle. Within a few years a school was opened, churches were built, and Tulsa's first newspaper began publishing.

William Butler, in his detailed history of the city, "Tulsa 75," says life wasn't easy in those early days. The area was a sanctuary for notorious outlaws, such as the Daltons, Youngers, and Belle Starr.

Oklahoma strikes oil

At noon, April 22, 1889, the first wave of the Oklahoma Territory land rush got under way. Later, other land rushes brought in more settlers. Then, on April 15, 1897, oil was discovered near Bartlesville.

The next year, Tulsa was incorporated. Three years later, oil was discovered in what today is western Tulsa. The well produced a meager ten barrels a day, but it was enough to bring oilmen to the town.

Later, drilling was banned in the city limits, but more oil was discovered in the surrounding area.

The big find came in 1905, when drillers brought in a gusher at the famous Glenn Pool, 15 miles south

of the city. Eventually, 500 wells were drilled there to bring up crude from what was the richest small pool of petroleum in the world.

Three years earlier, local entrepreneurs got a franchise from the federal government to construct a toll bridge across the Arkansas River. The builders erected a sign over their span: "You Said We Couldn't Do It, but We Did." Skeptical engineers had predicted the bridge would sink into the sandy bottom of the river.

The bridge enabled oilmen from Tulsa to cross the river and meet a 15-car train that ran daily to the oil fields. The train would drop passengers off at the fields in the morning and bring them back to Tulsa in the evening.

The city became the center for the petroleum industry.

On Nov. 16, 1907, Oklahoma became the 46th state. Tulsa, with a population of 7,298, was well on its way to holding the title of oil capital of the world. Many major companies made the city their headquarters as oil strike followed oil strike. Tulsa became home to millionaires with names like Sinclair, Skelly, Phillips, and Getty.

Planning for the future

Downtown Tulsa today is some six miles north of the city's geographical center, much as if it were the upper left-hand corner of a square. City planners realistically see downtown as a business and cultural center, with an expressway system that provides easy access to it from all over the metropolitan area. Planned with growth in mind, the highways can handle the traffic from a metropolitan area with a population twice as large as the Tulsa metropolitan area's present 500,000. The city's major retail centers are expected to remain where they are—in the suburbs.

Tulsans have confidence in the future of their downtown. Most confident is The Williams Companies, a booming billion-dollar firm in the energy and fertilizer industries.

As President Joseph H. Williams explains: "We concluded that Tulsa had to be the ideal place for our corporate headquarters."

The firm acquired nine blocks of downtown real estate for redevelop-

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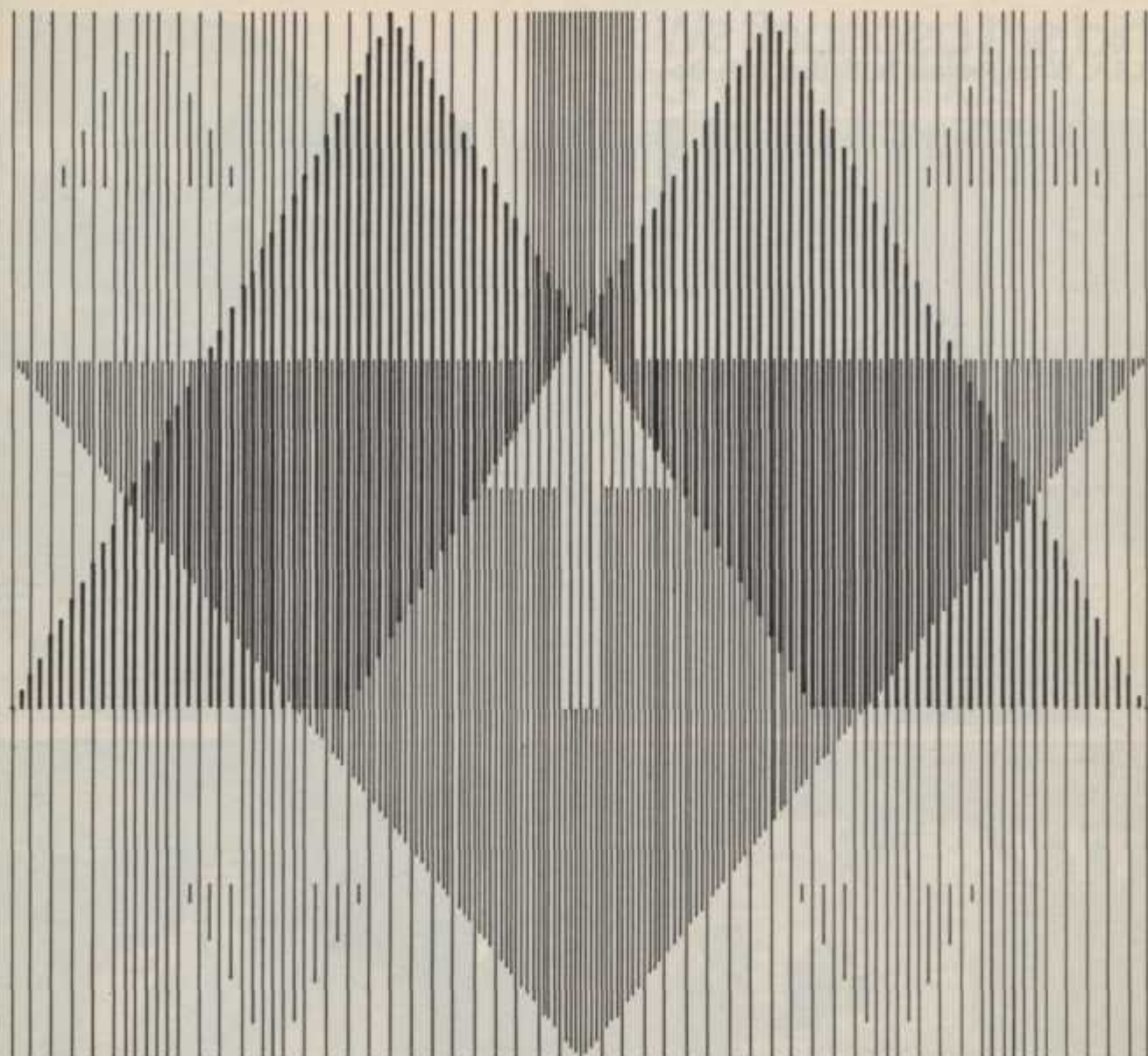
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For a detailed summary of Mapco's latest record performance, send for our second quarter Financial Report.

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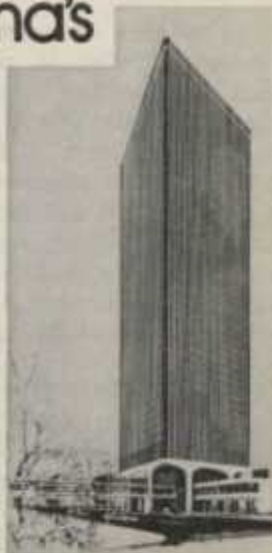
TULSA: What Private Initiative Can Do *continued*



Some key area economic development leaders (clockwise from lower left) are: Fred A. Setser (left), chairman, and board members William Waller and Dale E. Frieden of the Economic Development Commission of Tulsa; President Eugene L. Swearingen (left) and Executive Vice Presidents Clyde C. Cole and John H. Barhydt of the Metro Tulsa Chamber of Commerce; John L. Robertson (left), longtime Industries for Tulsa, Inc., official and Kenneth C. Olinger, chairman of the Tulsa Industrial Authority; and Joneice Frank, president of the Tulsa Area Manufacturers Club.



We financed the birth
of Oklahoma's
oil industry.



We can probably
help you.

True: our bank was started in 1910 by a group of oil men who were getting little or no financial help from the existing banks of the day. Their venture, like their industry, was a booming success.

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Pictured above right: Bank of Oklahoma Tower, now under construction in downtown Tulsa.

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TULSA: "Profitability and Livability" *continued*

ment. Presently, the new Bank of Oklahoma building is rising there toward its eventual height of 50 stories. That will make it the tallest building in the state. It is only the first building in a planned \$200 million complex that will include office buildings, retail stores, and a luxury hotel. Part of the ambitious project is the city's Performing Arts Center, scheduled for completion in 1976.

Satellite communities

Nearby is a convention center and a modern civic center where most local and federal government buildings are clustered.

Tulsa's leaders favor the development of satellite communities, with downtown Tulsa merely as the hub. That wasn't the game plan in the past.

The Commercial Club, genesis of the present Metropolitan Tulsa Chamber of Commerce, was founded in 1902 to boost the city's growth. In 1905, the club sent a booster group to New York and Washington to extol Tulsa's virtues. To entertain business guests, they took along

a young cowboy named Will Rogers from nearby Claremore, Okla. Will's rope tricks and quips eventually landed him in the Ziegfeld Follies.

How Tulsa solves problems

"Profitability and Livability" is the city boosters' present slogan, and Tulsa takes uninhibited approaches to solving problems.

Tulsa's capability to solve problems is cited by former Mayor James M. Hewgley, Jr.

During his administration, Tulsa was getting ready to build a new city hall in 1966, just as interest rates began to rise. The city's bond issues had an interest rate ceiling of four percent.

As expected, investors did not beat a path to the city's door. The mayor brashly called a meeting of all of the city's bank presidents. He asked them to form a syndicate to purchase the bonds. In return, he said, the city would put the money in time deposits in the purchaser's bank and forgo interest until it added up to the difference between four percent and the going rate.

"Had I not been a little naive politically, I would not have had nerve enough to pull all those people together," Mr. Hewgley says. "They were all competitors and all individualists. But they bought the idea."

Within eight months, the bankers notified the city they were even and would now pay the city the regular rate for time deposits.

Taking the initiative

Tulsans are innovative.

In 1928, W.G. Skelly and 47 other citizens decided Tulsa was going to be an air capital and needed a new airport. Normally, a city would float a bond issue and make long, elaborate plans.

Not in Tulsa.

The citizen group, collectively worth many millions, signed a note for the needed money and started building. Three years later, the city passed a bond issue and took over.

A success?

By the end of 1929, Tulsa led all airports in the world in paid passenger volume.

Tulsans call what the group did signing a "stud horse note." The note wasn't likely to be called by the bankers, but they knew it was good. Furthermore, it accomplished its purpose by allowing Tulsa to move quickly. This practice of private citizens taking the initiative is traditional.

Clyde Cole, executive vice president of the Chamber of Commerce, says, "One of the primary reasons for the area's growth is this close working relationship between the public and private sectors of our city—something many cities have failed to accomplish."

Voluntary integration

Problem-solving is a continuing process. Mayor Robert J. LaFortune says the single best success story in recent years is the voluntary integration of Tulsa's public schools. Tulsa had been a southern city when it came to race. Its schools were segregated.

Civic and business leaders were determined not to let segregation lead to a repeat of a 1921 race riot in Tulsa, a tragedy that residents haven't forgotten to this day. It took

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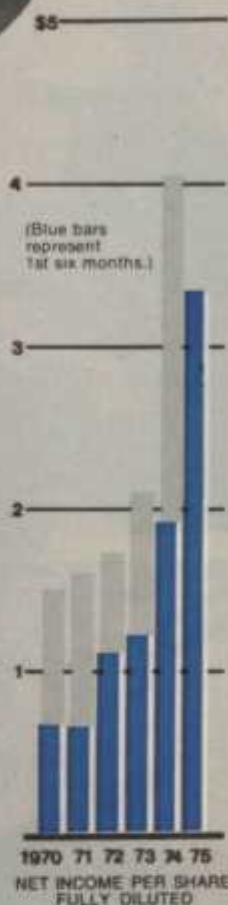
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ENERGY: *Williams International Group*, active in 10 nations, has major pipeline construction projects underway in Alaska, Algeria, Nigeria and Peru. Its backlog is at the highest point in history. During the first six months of 1975, operating earnings were up 200% over the first six months of last

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the Oklahoma National Guard to put down the violence that raged between whites and blacks. Officially, 26 blacks and ten whites were killed and hundreds injured. Unofficial reports put the toll higher.

To prevent a repeat, in the summer of 1970 eight sets of parents came to school officials and said, in effect: "We'll be interested in helping integrate our schools, if there is something worthwhile for our children at the end of the bus ride."

School officials deputized those parents to recruit other parents willing to have their children bused. The League of Women Voters, ministerial groups, the Chamber of Commerce, and the media threw their weight into the drive. Children from prominent families went to the first integrated school, a formerly all-black junior high.

That effort went well, but the acid test came in 1973 when the city's all-black high school was integrated.

No court-ordered busing

The high-school program failed. School Superintendent Bruce Howell says the reason was that it set up two separate academic programs, one for white students and another for black. In effect, there were two student bodies going to the same school. "From our failures we learned how to be successful," the superintendent says. "The first thing you learn is don't try to innovate in integrating."

School officials returned to basics. Star teachers, those with a proven

Above: Water enthusiasts enjoy the many lakes in the area, which has a higher water-to-land ratio than found in Minnesota. Left: Dreaming of productions in the \$14 million Performing Arts Center scheduled to open in 1976 are Thomas Lewis, Tulsa Philharmonic Orchestra director; Tulsa Opera singer Andrea Baker; and Tulsa Civic Ballet's Gail Gregory.



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TULSA: Common Concern for the City's Good *continued*

following, were recruited from throughout the city for the integrated high school. An outstanding curriculum was developed for it, offering courses not available at other schools. Integration was voluntary, and its success exceeded expectations.

There have been no court orders requiring busing of pupils in the city.

Tulsa's alternative to forced bus-

ing is held up today as a model for other cities.

About 11 percent of the city's population is black. There is no ghetto. Most blacks, even those with low incomes, live in areas of well-kept, single-family dwellings. Economically, the black population is moving into the mainstream.

Leroy Thomas, black chairman of

the integrated American State Bank, says there have been many advances in recent years. He says:

"I feel good about Tulsa generally, because elected officials have a common concern for the total city, and the Chamber of Commerce during the past five years has assumed a role of leadership for the total community."

A prime example is the Tulsa Economic Development Commission. The members, named by the mayor, are responsible for promoting economic development, conventions, trade shows, and tourism. The commission's \$275,000 annual budget is financed by revenues from a hotel-motel room tax. The Chamber of Commerce provides the staff for the commission.

It has aggressively sought new business for the city and has been very successful. A recent acquisition is corporate headquarters for Cities Service Co.

Why they move to Tulsa

C.J. Waidelich, president of the energy firm, says a major reason his company moved from New York City was the favorable labor market. Labor turnover is minimal in Tulsa, he says, and he also notes a much stronger sense of loyalty to his company.

The Tulsa area is a land of water. Nearby are 12 large reservoirs. In this part of Oklahoma, the complex of lakes and dams constructed by the Army Engineers is called Green Country. Water recreation and outdoor living attract a growing number of tourists.

The dams and lakes were the result of building the McClellan-Kerr Arkansas River Navigation System, which gives Tulsa a water link to the Mississippi River. One of the benefits to Tulsa is the port of Catoosa. Barge traffic from the port travels 444 miles to reach the Mississippi.

Opened in 1973, the port has become a major shipping point for truck-hauled grain from Kansas and western Oklahoma. A superhighway recently opened to the west now gives Tulsa access to all nearby grain-growing areas.

"With the advent of the port, we're launched on a new era," says

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Mayor LaFortune. He says the port "has instilled confidence in the city."

It was predicted that the city and Rogers County, which jointly financed construction of the port, would have to subsidize its operation for more than ten years. After four years in operation, however, the port was in the black. Major industrial plants are being constructed nearby, including a fertilizer plant for Agrico Chemical Co., one of The Williams Companies' subsidiaries.

Energy is largest industry

Energy is still the largest industry in the area. Some 850 firms and 30,000 employees are involved in it, directly and indirectly. The Alaskan pipeline project has been a great stimulus to local industry, which supplies much of the nation's oil pipe. Tulsa also benefits from the expanded search for oil and natural gas. Major exploration and drilling concerns make the city their headquarters.

The city is an important supplier of mammoth heat exchangers which, fully assembled, can now be shipped to customers by barge.

Metal fabrication provides Tulsa with nearly 10,000 jobs. As an employer, metal fabrication ranks second only to the energy industry.

Aviation and aerospace rank third, with 8,000 employees. American Airlines' maintenance and engineering base at the airport is the area's largest single industrial employer, followed by Cities Service Co., Sun Oil Co., Combustion Engineering, Inc., McDonnell Douglas Corp., and Rockwell International Corp.

More than 1,100 factories in the metropolitan area turn out a variety of products, including aircraft sub-assemblies, oil field equipment, fertilizer, furniture, glass, industrial heaters, mobile homes, dump trucks, dog food, and fishing rods.

A bright future

The future is bright for Tulsa because it is rich in resources—natural and human. It has ample water supplies for agricultural and industrial needs far into the future. Crude oil still flows and secondary and tertiary recovery processes are extracting residual petroleum from the old wells.

In addition, natural gas is abundant.

When the oil ceases to flow, the area can turn to another bounty of nature—coal. The region has abundant coal deposits. Its energy resources make Tulsa attractive to new industry and have kept it out of the ranks of cities with high rates of unemployment.

The port of Catoosa has rounded out the city's transportation complex. Tulsa offers industry the option of shipping by water, rail, truck, or air.

The city's location and access to communications links have helped make it a major computer center.

Although Tulsa ranks 43rd among the nation's cities in population, it is 21st in the number of company central offices.

Tulsa's educational resources also are valuable assets. The city has the largest junior college in the state. The curriculum for its 5,000 students is tuned to market demands. Dr. A.M. Phillips, president of Tulsa Junior College, says, "We're here to respond to this city and to offer timely, meaningful, practical higher education."

The University of Tulsa and Oral Roberts University, both private schools, provide excellent higher education, as do nearby state-supported universities.

The University of Tulsa, whose beginnings go back before the turn of the century, is noted for its engineering school.

Tulsa's magnetism

Oral Roberts University is a liberal arts institution that combines education and religion. It was founded by evangelist Oral Roberts in 1965. The \$55 million, 500-acre campus is one of the most modernistic, architecturally, in the nation. It is the city's biggest tourist attraction.

Tulsa is a magnet for Oklahomans as well as outsiders. Singer-composer Roger Miller, who grew up in arid western Oklahoma, once said, "Tulsa—that's the place Okies think they go when they die."

Joseph L. Parker, chairman of the City of Tulsa-Rogers County Port Authority, is one of many former outsiders. He first visited the city in 1946. At that time he was vice presi-



Getting across to the public the full facts about the nation's energy shortage and what must be done to regain self-sufficiency are priority roles undertaken by executives such as Robert E. Thomas (above), chairman and president of Mapco, Inc., and Charles J. Waidelich, president of Cities Service Co. Both are prominent Tulsans.





The 75-foot-high Golden Driller at the fairgrounds is a Tulsa landmark and reminder of oil boom days. Still a major oil center, Tulsa ranks high in education circles for the quality of petroleum engineers graduated from the University of Tulsa. Upper left: Standing in front of Kendall Hall is Dr. J. Paschal Twyman, president of the university. Seated is alumnus and trustee Charles E. Thornton, president of Reading and Bates Offshore Drilling Co. Upper right: Many oil magnates have given generously to the city. They include William K. Warren (seated), who is with Dr. Donald L. Brawner, staff surgeon. They are in front of St. Francis Hospital, a result of lavish Warren philanthropy.

TULSA: Acceptance for What You Do *continued*

dent of a construction firm in Louisville, Ky., where he lived. He turned down the presidency of the firm, moved to Tulsa, and started his own chemical business, which is now worldwide.

Why did he move?

"This is the least bigoted city I've ever been in," he says. "We assimilated the Indians—or they did us."

Free flowing society

Mr. Parker says Tulsa provides the best living for the middle class of any city in America. He finds acceptance easy in the area's free flowing society.

"You're accepted for what you do. People here get involved and do



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TULSA: Fruits of Private Enterprise *continued*

things because they want to do something for their city. And another thing, the people who have made money here have given a lot of it back to the city."

They left a trail

One example is the late Waite Phillips. An immensely wealthy oilman, Mr. Phillips gave Philbrook, his palatial Italian-style villa, to the city for a museum. It houses \$2.5 million in original oil paintings. To support the institution, Mr. Phillips gave two downtown office buildings to the museum's foundation.

Oil-rich Thomas Gilcrease, once called the "Playboy Indian," donated the Thomas Gilcrease Institute of American History and Art to the city. One of the most unusual and outstanding museums in the nation, it has the world's largest collection of the works of Frederic Remington, Charles Russell, and Thomas Moran.

Mr. Gilcrease is said to have explained to a friend thusly his reason for quietly collecting the art and giving it to the city: "A man should leave a trail."

Leaving a trail is expected of Tulsans. The Mabey, Skelly, Chapman, and LaFortune families have given many millions to universities, medical institutions, and other philanthropic causes.

William K. Warren, now in his seventies, is a living example.

He came to the city as a young man, working first as a railroad clerk in the tough boom towns nearby. Then, in 1922, with \$300 for capital, he began to bottle and sell liquefied petroleum gas. Eventually, his company captured some 16 percent of the nation's liquefied petroleum gas business.

No federal help needed

Today, Mr. Warren is one of the major stockholders in Gulf Oil Corp. His major interest is now St. Francis Hospital.

Supported by the Warren Foundation, the outstanding medical complex has admittedly cost more than \$68 million. Some say the total is actually much greater. Mr. Warren won't say, but on the subject of possible federal or state participation, he

states flatly: "We don't want it and we won't take it. The foundation can handle it."

The spirit of giving is not confined to the wealthy. Tulsans have never voted down a bond issue aimed at cultural improvements. The new \$14 million Performing Arts Center was financed by a \$7 million bond issue, matched by \$7 million contributed by private citizens.

Millions in a month

John H. Williams, chairman of The Williams Companies, led the highly successful drive that netted the matching funds in a month. The Chapman Foundation gave \$3.5 million and private citizens another \$3.5 million.

This center will be home for the Tulsa symphony, opera, ballet, and other performing groups that make the city a cultural mecca.

Tulsa doesn't trumpet the fact that it is also a country music center of sorts. However, the late Bob Wills and his Texas Playboys made the city their home base. Among the many all-time favorites that the

famed country musician wrote and sang were "San Antonio Rose" and "Take Me Back to Tulsa."

A modern-day replacement for Mr. Wills as a Tulsa-based country music star is a new resident, Roy Clark, of the Hee Haw television show.

Tulsans also claim, by birth or residence, Patti Page, Jennifer Jones, Tony Randall, and Anita Bryant from the entertainment world, as well as radio's Paul Harvey, TV's Jim Hartz, and rock star Leon Russell. Among intellectuals, they claim scholar-diplomat Daniel Moynihan and historian Daniel Boorstin, both Tulsa-born.

As the nation moves into its 200th year, Tulsa is a solid example of how it was all meant to be—ample resources plus people who won't take no for an answer, who make things happen, and in whom a pioneer spirit still burns bright.

It is a city in control of its future.

Former Mayor Hewgley sums it up: "I sometimes hesitate to get too enthusiastic. I'd hate for everybody to find out about Tulsa all at once."

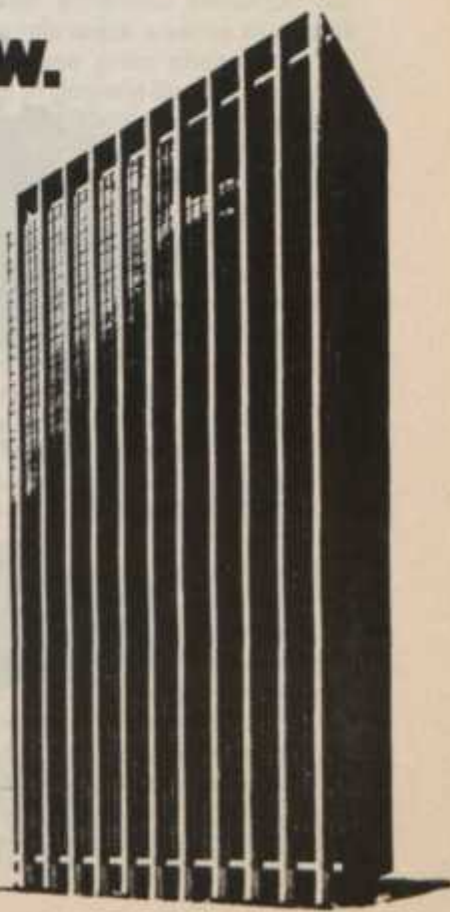
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The Gilcrease collection is valued at over \$60 million. Some of the reasons why, besides the paintings and sculpture, include the only docu-

mented copy of the Declaration of Independence. And, the original document certifying Paul Revere to act as messenger for the Colonial volunteers.

Gilcrease is not the only museum in town. Others include Philbrook Art Center with its world famous Samuel H. Kress Collection of Italian Renaissance paintings, and the

Fenster Gallery of Jewish Art which has the third largest collection of Judaica in the nation.

But, there's something other than art on Tulsa's cultural scene. We have a distinguished symphony orchestra, civic ballet, community theater, and Oklahoma's only opera.

Culture is just one facet of the dynamic quality of life that makes Tulsa America's most livable city. For the entire story, write or call the Metropolitan Tulsa Chamber of Commerce, 616 South Boston Avenue, Tulsa, Oklahoma 74119, (918) 585-1201.



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Why Utilities Can't Build the Power Plants We Need

Power companies have cut back building of new plants by nearly 40 percent. Here's a background report

BY LEWIS J. PERL

A very dramatic change is occurring in the construction plans of the electric utility industry—particularly for construction of nuclear power plants.

From 1974 through 1983, the industry had originally planned to add plants, both nuclear and non-nuclear, which would generate 485,170 megawatts.

National Economic Research Associates, Inc., recently conducted two surveys to determine how many plants had been canceled or delayed—and how many of these were nuclear plants.

We made our first survey in August, 1974. It indicated that the industry had canceled or postponed plants that would generate 70,345 megawatts. That would be 14.5 percent of the total.

Our second survey was in February, 1975. By then, cancellations or delays totaled 189,212 megawatts or 39 percent.

At that rate, the utilities' capacity would grow at an average annual rate of 5.5 percent from 1974 through 1983.

Dramatic nuclear drop

The rate of attrition for nuclear plants was even more dramatic. Out of a total of 193,330 megawatts planned for construction, 20.4 percent had been shelved as of August, 1974. By February, 1975, 61.1 percent had been canceled or delayed.

There are at least three explanations for these marked declines.

First is the expected slowdown in the rate of growth of the electric utility industry.

Second is the very rapid rise in the cost of building electric power plants, particularly nuclear plants. A survey made in 1970 suggested that construction costs of nuclear plants were increasing at the rate of 15 percent a year. Since then, the rate may have risen even more rapidly.

Third is the industry's severe shortage of capital. This reflects the impact of inflation as well as the financial community's doubts about the industry's ability to earn a reasonable rate of return.

PHOTO: RUTH WEISLOWSKI



Dr. Perl is a vice president of National Economic Research Associates, Inc., a New York-based consulting firm. He is a former professor of economics.

Let's see whether cutting back construction is justified in the light of reduced growth of demand for electricity.

Price and demand

In the next decade, it is reasonable to expect that the real price of electricity will rise three to four percent for residential users annually. For industrial customers, the increase is estimated at four to five percent.

National Economic Research Associates has made a series of studies relating these price changes to the increase in demand for electricity.

During the 1960's, residential sales of electricity rose 8.6 percent a year. That rate can be expected to slow down to 5.5 to seven percent in the 1970's.

In the 1960's, industrial sales rose 5.6 percent a year. Our studies suggest that higher prices might reduce the growth rate to four to five percent a year in the 1970's.

In my opinion, this reduction is the upper limit of the effect of price on the industrial use of electricity. It is equally likely that price will have no effect.

In summary, my firm estimates that overall demand for electricity will grow 5.6 to seven percent a year from 1974 to 1983. That compares with an annual average growth rate of 7.5 percent in the 1960's. Even at the lowest estimate, 5.6 percent, the increase in generating capacity will be inadequate.

As we have seen, the industry

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


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Why Utilities Can't Build the Power Plants We Need *continued*

plans to increase that capacity by only 5.5 percent a year.

Demand for electricity is most likely to increase at the rate of 6.5 percent a year. If that happens, there will be a considerable shortage of capacity by the 1980's.

Some cutback in plant construction seems justified by the slowdown in the growth of demand for electricity. However, the cancellations announced to date seem excessive.

Comparative costs

Of equal concern is what's happening to plans for nuclear plants. Are they being canceled because nuclear power no longer represents an efficient alternative to coal or oil-burning plants?

Capital costs of nuclear plants are escalating rapidly. However, so are the costs of plants that burn fossil fuel, especially coal. With stack-gas desulfurization to meet clean air standards, a coal plant may cost nearly as much to build as a nuclear plant.

Moreover, nuclear fuel costs are unlikely to increase in the next ten years more rapidly than the cost of fossil fuels. Thus, nuclear plants are likely to keep or increase their current cost advantage over coal or oil-burning power plants.

For example, take \$25 a ton as the price of coal and \$450 per kilowatt as the capital cost of building a coal-burning power plant. At those figures, electric generating costs would be 2.4 to 2.7 cents per kilowatt-hour.

Compare that with \$600 per kilowatt for the cost of building a nuclear power plant and three to four mills per kilowatt-hour as the cost of nuclear fuel. At that rate, generating costs would be two to 2.4 cents per kilowatt-hour.

Apparently, construction of nuclear plants is not being cut back so sharply because fossil fuel plants generate electricity more cheaply. Instead, it seems reasonable to suppose that this trend reflects largely the industry's capital squeeze.

Clearly, more capital per kilowatt can be saved by canceling nuclear additions than those that burn coal or oil. Moreover, it takes a very long time to build a nuclear plant. In addition, nuclear plants often arouse

substantial opposition from the public.

Thus, a utility executive might well feel that it is wiser to cancel the nuclear plant than one that burns fossil fuel.

Where the fault lies

Although these reasons are understandable, they are leading to a serious mistake in industry planning. But it is not the utility executives, by and large, who should shoulder the blame.

The burden of this error falls on the state regulatory commissions.

With some notable exceptions, these commissions have failed to recognize the utilities' needs for higher rates. By denying the utilities rate relief, the commissions have made the industry's capital shortage more severe.

Prompt rate relief is a must. Only in that way can we avert a very serious change in the industry's structure and a threat to the U.S. effort to become self-sufficient in energy.

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rious, largely because of the explosion in sales of citizen-band radios. Rep. Vanik says the solution is to require that receiving units be more interference-free.

He estimates the added cost in manufacturing a phonograph would be 22 cents. An AM-FM radio could be made interference-proof for about \$2 and a television set for \$5, Rep. Vanik says. •

Mass Testing Asked for Electric Autos

Mass testing of electric-powered automobiles is called for in legislation supported by the House Committee on Science and Technology. The federal government would buy 10,000 electric cars and lease or sell them to businesses and individuals on favorable terms.

The legislation would authorize \$40 million annually for each of the next three years to let the Energy Research and Development Administration conduct the program, in

which it would oversee field-testing of vehicles in every part of the country. The agency would use test results to improve such vehicles' design and energy storage and would conduct research into urban planning matters related to possible heavy use of electric cars.

A lottery would be set up in which the prizes are opportunities to lease or buy electric cars.

Its purpose: to ensure that the test is widespread.

Rep. Mike McCormack (D.-Wash.), prime sponsor of the bill, says road testing could be under way before the end of next year.

The U.S. Postal Service is already experimenting with a small fleet of electric cars in some urban areas to see how they meet its specialized needs. •

New System Saves Lumber

The Agriculture Department's Forest Service estimates the amount of

structural lumber now used in construction of homes could be reduced 30 percent.

The Forest Service says its laboratory in Madison, Wis., has developed a trussed frame system in which floors, walls, and roofs are joined together with rigid connectors such as gussets or metal truss plates into a single, lightweight structural unit. Designers say this provides more efficient distribution of loads so that the whole structure absorbs force placed on it at any one point. Consequently, wider spacing of the structural pieces is possible, cutting construction costs.

The Forest Service, which has applied for a patent, has given West Virginia University a contract to evaluate the system. If it measures up to expectations, the system's techniques will be published for general use. •

Poplars and Seaweed May Be Future Fuels

A hybrid poplar tree and a form of seaweed could be important in meeting our future energy needs as producers of methane gas, alcohol, and petrochemicals.

National Science Foundation Director H. Guyford Stever says the conversion of sunlight to solid fuels—plants and trees—and from that stage to other fuels "is in a sense so simple a concept that its major roadblock may be a lack of credulity."

He says one study shows that the fast-growing hybrid poplars could yield energy for \$1.25 to \$1.45 per million BTU's—comparable to the energy cost of coal. Researchers call the trees "BTU bushes."

Dr. Stever says huge amounts of these trees could be planted and harvested without diverting land from agriculture. In fact, he says, the study shows enough of the poplars could be grown on unused American land to supply all of the nation's fuel needs, based on 1974 fuel consumption.

As for seaweed, Dr. Stever says waters off both coasts of this country and off Peru are believed capable of supporting giant beds of kelp that could be harvested to produce 40 percent of U.S. natural gas requirements annually. •

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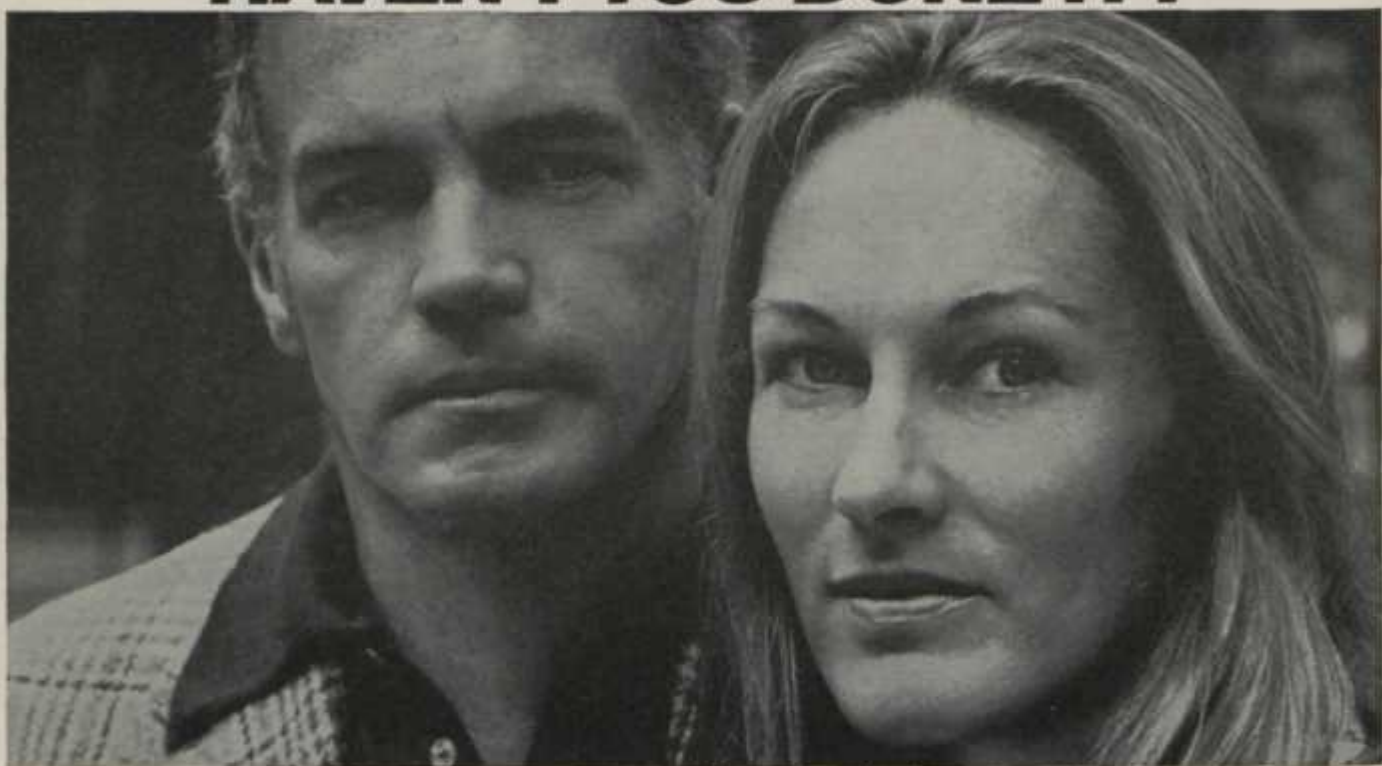
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What a Salesman Can Do After 65

As far as the Texas Refinery Corp. of Fort Worth, Texas, is concerned, a salesman is just hitting his stride when he reaches retirement age.

About a fifth of the company's international sales force are people over 60, and they consistently chalk up the highest sales.

"I'm grateful for what I consider the shortsighted policies of firms that enforce mandatory retirement of older employees," says Texas Refinery's President and Board Chairman Adlai M. Pate, Jr. "Every time they let someone go because of age, I have another potential salesperson. Good salespeople, like good wines, get better with age."

"I don't advise anyone to retire," says 77-year-old W.L. Ballard of New York City, who joined the Texas firm five years ago.

Allen Harbaugh, of Hagerstown, Md., agrees. Mr. Harbaugh, the company's oldest salesman at 86, was hired 14 years ago when he decided he had wasted four years in retirement.

"I think any company is a loser if it lets a good man or woman go simply because they have reached 65," Mr. Harbaugh says. "If you are in good health, the employer is letting an awful lot of good experience go down the drain."

In 1955, the company formed a club for employees 60 and over and called it The Sizzling Sixties. The club now has about 400 members. Ray Baird, president, describes it as "an organization of people still young enough to dream—and to make those dreams come true."

"This isn't a charitable thing we are trying to do," explains Mr. Pate.



At 86, salesman Allen Harbaugh logs 30,000 miles a year in his automobile and has no intention of retiring while his health remains good. He was putting in even more mileage until his family persuaded him to take things easier.

"Our customers are people who own property. Many of them are elderly, even retired. We have found from experience that senior citizen property-owners relate better to older people."

Texas Refinery sells roofing materials and wall coverings. Its products are not marketed through stores,

but sold by its salespeople—and shipped directly by the firm.

The company has offices and plants in such places as Moose Jaw, Canada; Mexico City; and the Duchy of Luxembourg. It ships to more than 100 countries.

The average full-time salesperson earns \$20,000 annually. Each employee whose sales exceed \$150,000 in a year wins a new Cadillac or Lincoln Continental. A dozen were awarded last year.

"Many workers who are retired or on Social Security are not under as much financial pressure as younger workers," says Jack Brooks, the firm's sales manager. "These older workers seem to sell with a more casual and relaxed manner. This brings better results."

Enthusiasm, not necessarily experience, is what gets you a sales job at the company. Among its salesmen are former mechanics, government workers, farmers, service station operators, dentists, and veterinarians. One is a former saloonkeeper and another a retired army colonel.

"For four hours a day, I'm as good a worker as I ever was," says one septuagenarian. "But after that, I want to take a nap. With this job, I can work mornings and then call it a day. It is perfect for someone my age."

Mr. Harbaugh, the senior salesman, was driving 50,000 miles a year until recently, when his family asked him to slow down. Now he averages only 30,000 miles a year.

"Why should I stop working?" he asks. "I have something to contribute. It keeps my mind alert and it gives me a zest for living."*

continued on next page

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Historic Landmarks Get Corporate Help

A few years ago, when historian Alistair Cooke set out to film "America," his epic TV series, he planned to include a number of American landmarks.

He found, however, that many had vanished or were falling apart from neglect.

Now, thanks to corporate generosity, the situation may be changing.

Bird & Son, an East Walpole, Mass., manufacturer of building material and industrial machinery, has awarded \$100,000 in matching grants that will be used to restore and preserve more than 100 landmarks.

Meanwhile, the National Trust for Historic Preservation in the United States has invited the nation's 500 largest corporations to contribute a minimum of \$1,000 each as part of a national campaign to save hundreds of historically significant sites. More than a dozen companies already have sent in checks. Bird & Son was the first.

When Bird & Son announced its



This 1860's Connecticut River steamboat dock will get funds from Bird & Son.

grant program, it received 800 requests for help.

"It is not unusual to find groups losing the preservation battle because of the lack of money," says James Biddle, president of the trust. "The response to the Bird program dramatically underscores the need, and certainly their interest is invaluable in the fight to save our landmarks."

Because of the great number of requests for funds, Bird & Son President Ralph E. Heim reports, the firm's maximum grant was set at \$4,000. It would take more than \$3.2 million, he says, to satisfy all the requests his company received.

Mr. Heim is writing to the chief executives of the 500 corporations

invited to support the National Trust campaign to preserve America's historic places.

"I hope that the pacesetting program developed by Bird & Son will be an impetus for the same kind of ongoing corporate support for historic site preservation that has already been established for the arts, sciences, and education," Mr. Biddle says.

"This program demonstrates that a working partnership between the business community and the field of historic preservation can happen and can succeed.

"I cannot think of a better present for the nation's bicentennial than a contribution for the future in recognition of the past."•

Getting Energy From the Sun

New billion-dollar business opportunities are emerging as the fledgling solar energy industry starts to take shape.

The market for solar energy equipment could reach \$1.3 billion yearly in a decade, says Arthur D. Little, Inc., the Cambridge, Mass., research and consulting firm.

But this will depend on how much encouragement comes from the federal government, the company adds. Help is needed in the form of an explicit energy policy, it says. In addition, homeowners will also need subsidized low interest rates—or tax credits—to encourage them to buy the solar heating and cooling equipment.

However, private industry is not waiting for Washington to act. In May, 1973, the Cambridge firm organized

an international group of 44 major industrial firms in the United States, Japan, and Europe. Together, they are investing millions of dollars to develop the solar energy industry.

At least 25 American companies are already producing solar heating and cooling equipment. Among them are Reynolds Metals Co., Revere Copper and Brass, Inc., and PPG Industries, Inc.

Solar equipment is expected to create many new uses for glass, insulation, pipe, pumps, valves, and plastics.

The \$1.3 billion market that Arthur D. Little predicts would come from the manufacture and sale of solar energy systems that can heat or cool homes as well as larger buildings including industrial plants.

Dr. Peter E. Glaser, vice president of Arthur D. Little, is director of the international solar energy project. He says the U.S. could save 100 million barrels of oil a year by 1983, if

solar energy provides merely one percent of our energy needs. By the end of the century, use of solar energy could save two million barrels a day, he adds—more than the yearly amount of oil that will flow through the Alaska pipeline.

Congress approved a five-year, \$60 million solar research and development program last year. Arthur D. Little doesn't think that's enough. The company says:

"Industry growth cannot occur until corporate decision-makers have a clear understanding of how energy prices will be structured and which energy alternatives will receive increased government support."

Dr. Glaser adds:

"Each day's headlines—to say nothing of our current utility bills—reaffirm the necessity of developing a constantly renewable energy source. The steps we take now are vital to United States and world economic development."•

Okinawa Expects Two Million Visitors to See Expo '75

This once war-torn isle
now bustles with business



Americans who remember the devastated, shell-torn Okinawa of 30 years ago would be amazed to see it today. Mud holes and Quonset huts have given way to a modern skyline and six-lane highways.

Much of the newer construction was in preparation for last July's opening of the International Ocean Exposition, Expo '75. The show is expected to attract more than two million visitors during its six-month run.

Okinawa's economy has changed from one that was service-oriented and highly dependent on the U.S. military bases there. The change began in 1969, with approval for construction of three oil refineries and several large hotels. Okinawans' fear of damage to their environment, however, has prevented any further significant industrial development. Thus, trade and tourism provide the major opportunities for U.S. business.

Japanese bring changes

The transition, in 1972, from U.S. to Japanese control has transformed Okinawa's economy. Government spending increased from \$210 million in 1971 to \$368 million in 1974. Private companies also invested heavily in land and in construction of hotels and golf courses.

When Okinawa reverted to Japanese administration three years ago, business and foreign investment came under Japanese law.

Despite the centralized administration, many inherent differences exist between the Okinawan market and

that of the rest of Japan. Okinawa, for example, has more liberal rules on importing meat. This is the result of dietary differences between Okinawans and Japanese. Per capita consumption of meat is six times higher in Okinawa than elsewhere in Japan.

Okinawa is now a Japanese prefecture. Some 800,000 live on the main island of Okinawa. Another 200,000 live on a number of smaller islands that are also part of the prefecture. Okinawa's capital, Naha, has a population of 300,000.

U.S. goods popular

U.S. products find a ready market in Okinawa. This is partly the result of 27 years of American influence there. U.S. nonmilitary exports to Okinawa rose from \$30 million in 1973 to \$36 million in 1974.

Devaluation of the dollar has helped increase imports from the United States. However, nearly 90 percent of all Okinawan consumer goods, including imports, come from Japan. Handling by Japanese importers, shipping cost to Okinawa, and further handling by local merchants all add to retail prices. Some imported items pass through four distributors before reaching a retail store.

By shipping directly to Okinawa, U.S. exporters could make their products' prices more competitive.

Okinawans have a buying power nearly comparable to that of the Japanese.

The U.S. military community, some 45,000 Americans, is still a significant

market. Last year, they bought \$55 million worth of U.S. merchandise through the Okinawa Regional Exchange Service. Military exchange outlets get most of their trade.

Okinawa has had a water problem for a long time. The problem is most acute in the southern part of the main island. Any heavy industry will have to locate in the northern part or in one of the smaller Ryukyu islands to the north.

Electric power

Electricity is produced mostly by oil-fired power plants. Thus, power costs are tied to the rising cost of oil. This is another reason why industry will want to locate in the northern Ryukyu islands where there are hydroelectric power plants.

Environmentalists on Okinawa prevented construction of an aluminum plant in their prefecture. They are still very powerful and strongly opposed to what they claim to be high-pollutant industries, like the petrochemical industry.

However, light, smokeless industry will find ready acceptance in Okinawa. Several commercial and industrial zones are attracting textile finishing businesses and other manufacturing and assembly plants.

Labor abundant

Labor is plentiful in Okinawa. The cost of jobless benefits for more than 20,000 unemployed Okinawans has prompted Tokyo to propose moving families to Japan where they

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Opportunity in Okinawa

continued

can find jobs. Since they can live adequately on unemployment pay, however, many Okinawans will choose to stay home and wait until local jobs become available.

Since May, 1972, labor has been organized under national unions. For the most part, the unions have no identifiable political ties.

Figures for 1975 show 19 Okinawan firms making profits of more than 100 million yen, or \$333,000. Highest profits were attributed to banking, insurance, real estate, refining, and warehousing.

For the same period, bankruptcies rose to a postwar high. Companies with 100 to 500 employees were hurt most.

Air service

Okinawa is served by two American-owned commercial airlines, Pan American and Northwest Orient, as well as by a number of U.S. shipping companies. A new commercial port at Naha handles overflow shipping traffic from the city's old port. Plans for ports in two other cities, Urasoe and Okinawa City, reflect the movement of commercial traffic to the north away from the congestion of Naha.

Construction costs are about 20 percent less than a year ago when the Expo '75 building boom was on. That construction has provided Okinawa with highways, 36,000 hotel rooms, and other facilities which should boost tourism.

Forecasts predict Okinawa's future gross national product will stem from:

	Percent
Tourism	30
U.S.-Japan defense spending	25
Other government spending	30
Industry	10
Fishing and agriculture	5

The natural attributes of these semitropical islands—whose underwater reefs are considered among the most scenic in the world—assure a year-round tourist-oriented economy. Okinawa may well become a most promising attraction for the investor and entrepreneur.

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BUSINESS: A LOOK AHEAD

BY GROVER HEIMAN
Associate Editor

More Spending Reform Urged in Congress

Even while the new congressional budgetary process is on its shakedown cruise, some shifts in its course are being proposed.

The Congressional Budget and Impoundment Control Act of 1974, aimed at giving legislators and the public the big picture on the relationship of expenditures to income, is being tested in an interim period before use in a full fiscal year. The law moves the start of the federal fiscal year from July 1 to Oct. 1, and the first 12-month period to which the process will be applied starts Oct. 1, 1976.

Among other things, the legislation requires that an estimate be made of the cost to the federal government over a five-year period of each spending authorization bill.

Sen. J. Glenn Beall, Jr., (R.-Md.) has introduced a bill, S. 1394, that would require

the estimate to include costs expected to be incurred by state and local governments and the private sector.

Sen. Joseph R. Biden, Jr., (D.-Del.) is sponsoring a bill, S. 2067, that would set a four-year limit on authorization of funds for any program.

"I am concerned that many small spending programs might otherwise automatically be continued without careful scrutiny," he says. "A lot of bad small programs could add up to a lot of wasted money."

Under his proposal, a review would be conducted every four years to examine a program's costs and worthiness. "Once a program gets started," he says, "it is very difficult to stop it, or even change its emphasis, regardless of its performance in the past."

U.S. Agriculture Has Plenty of Room for Growth

Already one of the world's breadbaskets, the U.S. could become an even larger one if all available cropland were used.

Some 361 million acres out of 385 million now usable are being cultivated, according to the Agriculture Department. But the department estimates another 266 million acres can readily be made usable with some improvement. In the latter category, the department says, are 46 million acres in Okla-

homa and Texas; 26 million in the two Dakotas, Nebraska, and Kansas; ten million in Iowa, Illinois, Indiana, Ohio, and Missouri; and other acreage in the Mississippi Delta, Southeast, and Appalachian regions.

In addition to that cropland, which could be tilled on a regular basis, there are some 130 million acres with limited potential that could occasionally be tilled or used for growing hay, the department says.

Protection for Employers on Job Safety

A new move is on to provide employers with free, on-site consultations about job safety in states that don't have federally approved occupational safety and health plans. These meetings with government experts can be valuable, of course, in forestalling unwitting violations—actual or alleged—of the Occupational Safety and Health Act of 1970. They can be particularly valuable to small businessmen who can't afford to hire outside consultants.

The OSHA law does not provide for on-site consultations. However, the federal government for some time has provided funds, on a matching basis, so states that have occupational safety and health plans can offer this service.

Last year, Congress passed legislation

that permits states that do not have these plans to provide consultations, too, with half the funds again coming from the federal government. [See "Business: A Look Ahead," *Nation's Business*, March, 1975.]

However, that program has not moved along fast enough to suit everyone. Some states, due to financial restraints, aren't participating. So Rep. Dominick V. Daniels (D.-N.J.) has introduced an amendment to the OSHA law that would require the Labor Department to offer on-site consultation in states without plans. The department would provide the consultants and pay all costs.

The consultations would be by request of employers, with preference going to small businesses or those that have hazardous work sites.

A Long Look at the Problems of Small Firms

A measure now before the Senate could make the future brighter for small business.

Sen. John G. Tower (R.-Texas) has introduced S. 2104, which calls for establishment of a National Commission on Small Business in America. During a two-year life span, the commission would make legislative recommendations to Congress and the President.

An 11-member board would look at existing federal subsidy and other assistance

programs for small firms, measure the effects on the firms of government regulation, determine the impact of the tax structure on them, and study the ability of financial institutions to meet the firms' credit needs. Then the board would propose specific measures for creating an environment that would give small businesses a better opportunity to compete.

Among the 11 members would be four small businessmen.

Broader, Costlier Jobless Pay System Is Pondered

Despite evidence that an economic recovery is underway, advocates of more liberal unemployment compensation are active these days. They are intent on capitalizing on the present high joblessness rate to restructure the federal jobless pay system.

Similar bills in both houses of Congress would amend the Federal Unemployment Tax Act to extend coverage to 12 million agricultural workers, domestics, and state and local government employees.

In addition, the bills would impose federal standards in all states to permanently increase the maximum duration of unemployment compensation from the present 26 weeks to 52 weeks. (Emergency legislation now in effect temporarily extends the maximum duration to 65 weeks.) The bills also include uniform standards for compensation.

Organized labor is heavily supporting the measures, which are vigorously opposed by business. They would be even costlier for employers than proposed changes in the unemployment compensation system that the Labor Department has been pushing [see "Will Your Jobless Taxes Double?" *Nation's Business*, May, 1975].

H.R. 8366 was introduced in the House by Rep. James C. Corman (D.-Calif.). S. 2079 was introduced in the Senate by Sens. Walter F. Mondale (D.-Minn.), Philip A. Hart (D.-Mich.), and Richard S. Schweiker (R.-Pa.).

The bills would increase the amount of wages subject to federal unemployment tax to \$6,000 for calendar year 1977. After that, the base would be raised \$2,000 annually until it reaches the Social Security tax base.

Environment Agency Shelves Plans on Construction

The Environmental Protection Agency has backed off on its plans to conduct preconstruction reviews of indirect sources of air pollution—places that attract heavy auto traffic, such as shopping centers, apartment and office buildings, stadiums, and large parking lots.

EPA's plans were to have gone into effect this summer, but the agency has delayed them indefinitely. One reason is that Congress is considering amending the 1970

Clean Air Act and there is a proposal to give states full authority for indirect source control.

EPA advises, however, that it is going ahead with plans to put into effect guidelines for highway and airport reviews. After a period for public comment, EPA will formalize the guidelines. Highway or airport construction projects started within six months after the guidelines are adopted won't be affected.

Safeguards Sought for Franchisees

A bill designed to put the franchisee on more of an equal footing with the franchisor is in the House of Representatives hopper.

H.R. 8349, the Franchising Practices Reform Act, was introduced by Rep. Abner J. Mikva (D.-Ill.). Similar legislation is expected in the Senate.

Rep. Mikva's bill would require franchisors to provide at least 90 days' notice prior to cancellation of a franchise or failure to renew one.

Further, a franchisor could not cancel a franchise unless the franchisee has provid-

ed good cause for such cancellation, or the franchisor is withdrawing from the marketing area.

Also, the bill would prohibit a franchisor from failing to renew any franchise except if the franchisee has given good cause or because of a market area withdrawal or other legitimate business reason.

Determination of whether the cause for cancellation or failure to renew is really good would be up to federal courts in contested cases, and the courts could award damages. The bill encourages arbitration.

A Positive Approach to Land-Use Management

THE AMERICAN business community is firmly committed to using the nation's land resources in a sound manner that best serves all citizens.

Businessmen recognize that the most effective way to reach that goal is to take a positive approach grounded on traditional American values of private property rights and decisions made at the level of government closest to the problem. Depending on the scope of the issue, that could be local, county, regional, or state government.

A positive approach to land-use planning must provide not only for environmental and recreational considerations, but for the economic well-being vital to all aspects of national life.

Land-use legislation now pending in Congress meets few of these positive standards.

Sponsors of the innocuously titled Land Resource Planning Assistance Act claim it is nothing more than a vehicle to provide financial and other assistance to states willing to draw up their own land-use plans. These sponsors deny there is any element of federal control.

The fact is that the bill not only establishes federal standards that must be met to qualify for funds, but it specifies major provisions that must

be incorporated into a state's planning process. The legislation contains many other guidelines, standards, criteria, and suggestions. The Interior Department—or more likely an enlarged bureaucracy within that department—would study, review, and evaluate the state's planning process.

That would be just the beginning. An interagency board representing seven cabinet departments and at least three other agencies would conduct a separate review.

To hold that such an approach does not raise a threat of domination of land-use planning by a new army of federal bureaucrats is to ignore reality.

Guarantees of a limited federal role were made repeatedly as the federal government launched the Occupational Safety and Health Administration, the Equal Employment Opportunity Commission, the Environmental Protection Agency, and the Consumer Product Safety Commission.

Good land-use planning is sound and practical. Putting the power of decision in the hands of a federal bureaucracy is unsound and impractical. Decisions on the problems of land use are best made by those closest to the problems and most affected by the decisions' results.

Measure your roll towel leftovers and see how many hand-dries you can save with the new Commander I Cabinet.

You may be throwing away as much as 25% of what you spend on roll towels in "stub rolls," the leftover towels your maintenance man finds when he refills the cabinets.

When he finds a stub roll, he can leave it in the cabinet and hope it doesn't run out. Or, he can remove the stub roll and put in a fresh roll. If he removes it, you may be wasting as much as 25% of the roll towels you buy.

Now use almost every inch of the towels you buy.

Fort Howard's Commander I Cabinet lets you load a new 625-foot roll while the stub roll—up to 3½ inches in diameter—is still being used. After the stub roll is used up, towels from the new roll dispense automatically. So



you use almost every inch of towels you buy.

And because you can get up to 755 lineal feet of uninterrupted towel service, the Commander I can lessen the chance of run-outs and may help reduce your maintenance costs—by requiring fewer refills than single-roll cabinets.

If you'd like to see how our new Commander I Cabinet can help you reduce roll towel waste and provide more uninterrupted towel service, write us on your business letterhead. We'll send one of our sales representatives over with a sample cabinet and a Commander I Savings Scale to show you how much you can save.

You have nothing to lose
but your stub roll waste.



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**After kicking around everything
I'd heard about smoking, I decided
to either quit or smoke True.**

I smoke True.

A man with dark hair, wearing a blue long-sleeved shirt and a tan vest, is sitting on a dark, textured rock. He is barefoot, with his feet resting on the sand. He holds a lit cigarette in his right hand and a black camera in his left. A watch is visible on his left wrist. In the foreground, two packs of True cigarettes are prominently displayed. The pack on the left is white with blue accents and features the 'TRUE' logo and '10 CLASS A CIGARETTES'. The pack on the right is green and white, labeled 'TRUE MENTHOL 100's'. The background is a plain, light-colored wall.

King Regular: 11 mg. "tar", 0.8 mg. nicotine; 100's Menthol: 13 mg. "tar", 0.8 mg. nicotine; av. per cigarette, FTC Report April '75.

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**The low tar, low nicotine cigarette.
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